

# **TOTAL SERVICE QUALITY STRATEGY IN A REVOLUTIONARY STAFFING SOLUTIONS ENVIRONMENT**

**By:**

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the degree of:

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**Supervisor:** Professor E. Thompson

**15 September 2003**

# **CONFIDENTIALITY CLAUSE**

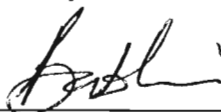
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**TO: WHOM IT MAY CONCERN**

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Due to the strategic importance of this research it would be appreciated if the contents remain confidential and not be circulated for a period of five years.

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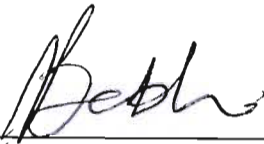
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**S.M BATOHI**

## **DECLARATION**

I declare that this research report which is submitted in partial fulfillment of the requirements for the degree of Master of Business Administration at the University of Natal, Durban has been completed by myself. This dissertation has not been previously submitted for any degree or examination at any other University.



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**Symanthia Meshal Batohi**

September 2003

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# ***CHAPTER ONE:***

## **INTRODUCTION**

### **1.1 INTRODUCTION**

Leaders who need to plot the future of their companies are challenged to find the ultimate winning formula. Today, companies are fighting their toughest competition and in order for them to stay in the race, let alone be profitable, they must maximize customer lifetime value.

Nowadays, customers are more difficult to please than a few years ago. One of the major value customers expect from companies is high product / service quality. Globally, companies are adopting the Total Quality Management (TQM) approach to continuously improve the quality of service, products and all related processes.

South African companies, irrespective of business sector, are aggressively implementing a customer driven strategy. This study investigates and evaluates the customer service strategy introduced at Quest Flexible Staffing Solutions (QFSS).

QFSS is a company operating within the labour recruitment industry. The company's core business activity is recruitment, placement and management of flexible workforce across a variety of industry types. With the global trend of moving away from a fixed to variable cost, more and more organizations are outsourcing their staffing requirements to companies like Quest.

In the battle to stay ahead of its competitors, Quest is constantly scanning the market, positioning itself favorably through developing innovative and revolutionary workforce solutions as well as differentiating itself from the rest. In an attempt to achieve sustainable competitive advantage, Quest has

transformed from being a traditional recruitment agency to a world class, revolutionary workforce management solutions company, with a consultative approach.

This study reviews company strategy with specific focus on customer driven strategy incorporating total quality management, service quality, customer satisfaction and best practice benchmarking. Later the Quest case study is presented and evaluated against the theoretical background.

## **1.2 BACKGROUND TO THIS STUDY**

Quest is a member of the Services Sector Education Training Authority (SETA), which is a statutory authority responsible for quality assurance and compliance auditing in terms of skills development. It is also responsible for moving industries towards implementing best practice systems such as ISO as well quality assurance mechanisms.

In November 2002, the Services SETA (29 industries are members of this SETA) notified all its member companies of a three star grading system that was going to be introduced by the Seta, and also invited their participation. The rationale behind introducing the three star grading system is as follows:

- The Services SETA is required by law to quality control the work done by member companies in terms of the Skills Development Act.
- To ensure that member companies apply international best practice in terms of internal systems and people management processes.
- To provide recognition to companies with a customer centric focus as well as strive towards establishing an ongoing professional development and learning within the industry in order to ensure quality customer service and excellence.

Quest has subsequently agreed to participate in the 3 star grading process and be assessed as a pilot site for the national customer service standard. This meant that Quest staff had to attend specific training conducted by the

SETA, establish a regional customer service team and finally develop a customer service policy that incorporated the implementation of customer service unit standards into the workplace. On being assessed by an external management consultancy, Quest had to prove via a portfolio of evidence that relevant processes, systems and policies have been established to support a quality customer service strategy.

Prior to Quest designing and implementing a customer service strategy, they administered service quality excellence questionnaires to clients and flexstaff in order to elicit their perceptions of the company. The following results emerged from this exercise:

- There is a lack of standardization with regards to Quest's customer service approach
- There is no solid framework / approach to customer service
- Lack of national standards
- Lack of service recovery – Quest is particularly weak when customer interaction goes wrong in that they lack the ability to deal with this and see it as an opportunity
- Absence of clear processes
- Weak in terms of communication to clients and follow up

Based on the above results, Quest has established a comprehensive customer service policy as part of an overall strategy encompassing process reengineering, staff development and motivation, internal recruitment strategy, complaints policy etc.

### **1.3 VALUE OF THE STUDY**

As mentioned earlier, Quest is part of a dynamic, rapidly growing industry where barriers to entry are relatively low. In view of this, flexible staffing companies wanting competitive advantage must adopt an aggressive customer centric approach as well as continuous professional development while ensuring application of international best practice.

This study is valuable in that it critically evaluates the strategic option of implementing a customer driven strategy. Further it assesses whether the customer service approach addresses the circumstances in which the organization is operating, so in a nutshell, it asks "Is this a good strategy?"

Prior to the invitation extended by the Services SETA to member companies, companies within the labour recruitment industry did not have a structured customer service strategy in place that incorporated customer service unit standards into the workplace. Considering that Quest is a leader in the industry and is also one of the first of its kind to strive towards such a grading, this study is valuable in that it seeks to identify gaps as well as highlight achievements and then finally put forth recommendations to ensure sustainability of the strategy.

### **1.4 PROBLEM STATEMENT**

Whilst Quest, one of the largest companies of its kind in South Africa, enjoys strong relationships with large clients across all economic sectors, the business lacks a structured customer service approach which comprises of established systems, processes and policies that support internal and external customers and ensure that service is delivered according to quality standards. The challenge facing Quest is not only to introduce a formal customer service policy for the purpose of meeting the requirements of the Services SETA, however the objective is to create a customer centric, competent organization with established systems, processes and policies in a high performance,

learning environment. In view of this dilemma, Quest has developed a comprehensive customer service policy which incorporates customer service standards into the workplace as well as an internal learning and development plan. As a result, this study aims to examine this initiative implemented by Quest, evaluating whether it is a good strategy for the business based on a theoretical model.

## **1.5 OBJECTIVES OF THE STUDY**

The main aim of this study is to evaluate the suitability of the customer service strategy developed by Quest at the pilot site in KwaZulu Natal. Some of the key objectives are as follows:

- To determine whether a quality customer service strategy is appropriate to the given product life cycle of Quest
- To evaluate whether quality service results in positioning of differentiation for Quest i.e. is demand likely to grow or decline as a result of this strategy
- To determine whether this strategy strengthens the balance of the organization's activities / business units and move the company to a more dominant market position
- To evaluate the extent to which quality customer service reconfigures the value chain (activities within and around the organization) such that it improves value for money and the overall competitive position of the company
- To determine whether this strategy exploits core competencies of the organization
- To evaluate whether the strategy builds a customer centric and high performance organizational culture and strategic leadership

## **1.6 RESEARCH METHODOLOGY**

A case study which is a qualitative method will be used in an attempt to evaluate the customer service strategy at Quest. The pilot site in KwaZulu Natal will be used as the unit of study.

According to White (2000), a case study may be defined as an extensive study of a single situation such as an individual, family or organization.

The reasons for selecting the case study method are as follows:

- The Customer service strategy is a new development at Quest and in order to investigate this strategy further and evaluate it, an intensive study of Quest is useful in gaining further insight into the situation.
- The main focus is on seeking insight through studying the characteristics and features of the customer service strategy in relation to the organization as opposed to testing a hypothesis.
- The aim is to use the case study of Quest as an evaluation against existing theory on strategy, quality customer service and its applicability to the organization

There are some advantages and disadvantages of using the case study approach (White, 2000).

### **Advantages:**

- Case study looks at the whole situation and the researcher sees the inter-relations as they happen
- Case study always generates empirical data and information – the researcher does not have to depend solely on published work
- It takes place in the natural setting within the organization and gives the work reality



### **Disadvantages:**

- Case Study research tends to be subjective
- Case studies can generate a lot of information. The analysis and interpretation need to be handled very carefully and in a very logical way.

The type of case study used is a "typical" case study where the organization studied is as typical as possible. Quest can be described as a typical organization within the service industry.

### **Sampling**

The sample for this study comprised of Quest staff from the KZN branch. The sampling method used was that of non-probability sampling. Considering that the research is qualitative in nature, the researcher opted for the non-probability approach. Since there was no need to make a detailed statistical analysis, the researcher had to select a sample with a clear purpose. This approach however is subjective since the probability of selecting population elements is unknown.

Cooper and Schindler (2001) identifies purposive sampling as a non-probability sampling method that conforms to certain criteria. This is often called judgmental sampling because the researcher picks the sample that they think will deliver the best results in order to satisfy the research objectives.

This method was most suitable since the researcher chose the sample that was best able to provide information for the purpose of this study. In this instance, the sample consisted of members of the regional customer service team. These individuals were directly involved in the development of the customer service strategy.

## **Data Collection Method**

The researcher conducted interviews with management and the regional customer service team. Interviews were structured with the aim of eliciting specific information. Apart from the interviews, the researcher also assessed relevant documentation pertinent to the initial development as well as the roll out of the customer service strategy. These included correspondence, client and staff questionnaires, communication emails, reports, draft policies, copies of presentations etc.

## **Data Analysis**

Interpretation of results will show how the results fit / do not fit with the existing theoretical background. Qualitative data will be closely analyzed through expression in words, use of ideas and concepts.

## **1.7 LIMITATIONS**

The limitation of this study was that the researcher was unable to survey opinions of Quest's clients and staff (permanent and flexible) about the effectiveness of the customer service strategy, thus, prohibiting other viewpoints on the issue. This was due to the fact that Quest was still in the process of "fine tuning" processes, policies and systems which really form the building blocks of the overall strategy.

## **1.8 STRUCTURE OF THE STUDY**

This study is organized in the following manner:

### **Chapter One**

This is the introductory chapter that presents the problem to be investigated. It also outlines the background to the study, the main aims and objectives as well as the methodology to be used in order to investigate research issues.

### **Chapter Two**

Chapter two presents the literature review on the topic under investigation which is quality service and customer driven strategy.

### **Chapter Three**

This chapter presents the Quest Case study which includes the history and structure of the organization as well as a detailed description of the customer service strategy.

### **Chapter Four**

This chapter presents an in depth evaluation of the Quest case study against established theoretical background.

### **Chapter Five**

This is the final chapter and it includes a summary of the key findings, key concepts and theories as well as recommendations and suggestions.

## 1.9 Summary

- This report presents a case study of Quest's total service quality strategy and more specifically, the study evaluates whether the strategy is a suitable one.
- Quest's quality customer service strategy was initiated by the Services SETA, a statutory authority responsible for quality assurance and moving service industry companies towards implementing international best practice in terms of internal systems and people management processes.
- Quest participated in the 3 star grading process provided by the Services SETA to recognize companies with a customer centric focus, and was assessed on whether relevant processes, systems and policies have been developed to support a quality customer service strategy.
- The main aim of the study is to evaluate the suitability of Quest's strategy by assessing whether the strategy is appropriate given the product life cycle of Quest, results in differentiation, strengthens the balance of activities, exploits core competencies and reconfigures value chain activities, builds a customer centric culture and strategic leadership.
- The case study approach was useful in this instance since it allowed the researcher to gain further insight into the situation, especially since the customer service strategy is a new development at Quest.
- Non-probability sampling was used and this comprised of Quest staff from the Durban Branch. Data was collected via interviews with key players.
- There are limitations to the study, the key one being that the researcher was not in a position to survey the opinions of Quest's clients and staff (perm and flexible).
- The study consists of 5 chapters covering an introduction (problem statement, background to study, aims & objectives and research methodology), literature review on quality customer service strategy, the Quest case study, an in depth evaluation of the case study against a theoretical framework and finally a conclusion and recommendations.

## **CHAPTER TWO:**

### **TOTAL SERVICE QUALITY STRATEGY**

#### **2.1 INTRODUCTION**

This section presents literature / theoretical background relevant to this study. More specifically, literature on strategy, Total Quality Management, Service Quality, Benchmarking and Best Practice in Customer Service is examined. Previous research, theory, situations, definitions, qualifications and assumptions are included and this forms a basis for understanding the remainder of the report. This section also includes a theoretical Model which has been mapped in relation to the available literature and theory, and which will finally be used to evaluate the case study.

#### **2.2 STRATEGY**

When we consider competition, globalization, shorter product and service life cycles yet higher customer service expectations and demands for quality, we realize that revolutionary change is in fact our new reality. Thompson and Strickland (1999) points out that a company's strategy is the "game plan" that management has for positioning the company in its chosen market arena, competing successfully, pleasing customers as well as achieving good business performance. In order for business to survive these turbulent times, companies need to employ winning business strategies in order to achieve competitive advantage over rivals.

## **2.2.1 Sustainable Competitive Advantage**

Competitive advantage can be achieved through various ways and these include development of the best product, delivering superior customer service, technological expertise or even building a well known brand. According to Porter (1996), companies must respond rapidly to market changes, they must benchmark continuously to achieve best practice as well as nurture a few competencies in the race to stay ahead of competitors.

## **2.2.2 Customers and Customer Driven Strategy**

Customers form a vital part of any business strategy since they are the reason for the organization's existence. Levitt (1960), a well known marketing writer and former Professor at the Harvard Business School states that the purpose of an enterprise is to create and keep a customer. With increased competition, organizations must focus on attracting as well as retaining customers. The customer driven strategy builds customer loyalty and satisfaction, thus avoiding customers from moving to competitors.

### **2.2.2.1 Importance of a Customer Driven Strategy**

- Long term profits are obtained through attracting and retaining customers
- Loyal customers are more profitable
- Attracting new customers costs organizations more than retaining loyal customers
- Retaining existing customers can dramatically increase profits

### 2.2.2.2 Approaches to Develop and Improve A Customer Driven Strategy

- **Emergent Approach:**

This approach ensures continuous improvement with regards to customer service and quality

- **Prescriptive Approach:**

This approach demands greater clarity and precision. At the onset, a clear understanding of what is required to develop a strategy is established.

### 2.2.3 Implementing Strategy

Crafting a successful strategy is not all, however, the implementation thereof through converting the strategy into specific actions is most critical. Implementing strategy is action oriented and involves organizational change, mentoring people, developing core competencies, achieving continuous improvement in business processes and creating a strategy supportive culture.

#### 2.2.3.1 Framework for Strategy Implementation

The following implementation tasks are common to all organizations (Thompson and Strickland, 1999):

- Building an organization with competencies, capabilities and resources to carry out the strategy
- Developing budgets
- Establishing strategy supportive policies and procedures
- Instituting best practice and pushing for continuous improvement
- Installing information, communication and operating systems that enable people to carry out their roles
- Linking rewards and incentives to achievement of performance objectives

- Creating a supportive environment and culture
- Internal leadership required to drive implementation forward

We must realize that strategy is not implemented by the company but by the people within the company. For successful execution of strategy, there must be a tight fit between all of the above mentioned factors.

#### 2.2.3.2 Building a Capable Organization

The priority for any organization when executing strategy is to ensure that employees are competent and the organization on the whole has the ability to perform. Capable and well motivated people are the cornerstone of building a capable organization, especially at management level. The right people must be selected for key positions and this rests on effective staffing and selection procedures necessary for a successful strategy.

Secondly, the organization must have the relevant competencies which include skill, knowledge and technological know how that is necessary. In some instances existing staff will not have the necessary skills or knowledge required for the strategy. Thus, formal training structures need to be in place to train staff and uplift their skills levels. Long and Koch (1995) illustrate that competencies and capabilities represent two different dimensions of strategy in that while competencies relate to skills, knowledge and technological know how that give special advantage to specific points of the value chain, core capabilities are formed when these competencies are combined with strategic processes that link the chain together.

Lastly, the structure of the organization has got to be conducive to strategy implementation. There must be collaboration between different levels and the formal structure must be supplemented with project teams. Staff must be empowered to act on their own judgments.



## 2.2.4 Balanced Scorecard

Kaplan and Norton (1996) developed the Balanced Scorecard during the course of researching and implementing strategy at a number of United States Corporations. The Balanced Scorecard is a way of understanding what needs to be done throughout the entire organization in order for a strategy to work.

This model arose from the following deficiencies that were noted during the implementation of strategy:

1. **Measurement Gap:** Most companies base their measurement of performance, quality and productivity on historical figures e.g. comparison to previous years figures. Such measures have little to do with future success. According to the authors these ratios cannot measure aspects of future strategy e.g. customer satisfaction and loyalty, employee commitment and organizational learning.
2. **Strategy Gap between general plans and managerial actions:** It was found that many companies fail to convert strategic plans into measures that managers and employees could understand and apply to their daily work activities.

The Balanced Scorecard Model moves beyond the financial ratios and claim that what really matters in strategy implementation is the process.

They identified 3 main types of processes that are important:

1. Management – How the organization is run, how decisions are made and how they are implemented
2. Business – How products are designed, orders fulfilled, how customer satisfaction is achieved etc.
3. Work – How work is operationalized, purchased, stored, manufactured etc.

There are 4 key principles behind the Balanced Scorecard:

1. Translating the vision through clarifying and gaining consensus
2. Communicating and linking by setting goals and establishing rewards for success
3. Business planning to align objectives, allocate resources and establish mile stones
4. Feedback and learning to review performance against the plan

Although every company structure is unique, Kaplan and Norton identified 4 strategy perspectives that should be included on every scorecard. These are summarized in the table below:

**Table 2.1**

<b>Balanced Scorecard: Summary of Strategy Perspectives</b>		
<b>Strategy perspective</b>	<b>Example</b>	<b>Example of Scorecard Measure</b>
Financial Perspective	Shareholder's view of performance	<ul style="list-style-type: none"><li>• Return on capital</li><li>• Economic value added</li><li>• Sales growth</li><li>• Cost reduction</li></ul>
Customer Perspective	Customer Satisfaction	<ul style="list-style-type: none"><li>• Customer satisfaction</li><li>• Customer retention</li><li>• Acquisition of new customers</li></ul>
Internal Perspective	Assess quality of people & processes	<ul style="list-style-type: none"><li>• Training and Development</li><li>• Job turnover</li><li>• Product quality</li><li>• Stock turnover</li></ul>
Future Perspective	Examine how an organization learns & grows	<ul style="list-style-type: none"><li>• Employee satisfaction</li><li>• Employee retention</li><li>• Employee profitability</li></ul>

(Source: Lynch, R. (2000) Corporate Strategy, pg 765)

### **2.2.5 Strategic Management and Leadership**

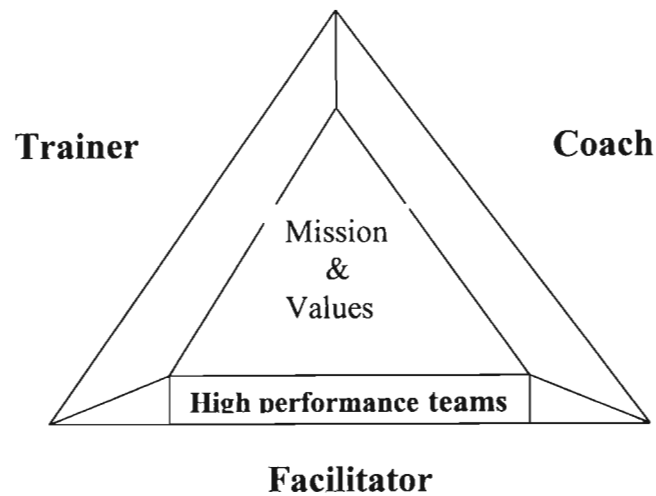
The only true competitive business advantage that will help any organization succeed in the new millennium is strong, professional leadership and management at all levels. According to Haines (1995), traditional management roles comprised of approximately 5% strategizing, 15% coaching, and 80% directing and maintaining. The information age, however, is transforming the role of the manager such that it consists of 20% strategy, 60% coaching, developing, supporting and building and 20% directing and maintaining.

True leadership is the foundation for strategic change within any organization wishing to sustain a customer focus and high performance culture. Such leadership is the foundation for the following leverage points:

- Operational tasks for total quality and customer service – “close to the customer” focus
- Redesign and restructuring of organization
- Business Process Reengineering focused around meeting customer needs
- Professional management and leadership practices in the organization

The visionary and leader of change need to be equipped with the skills of coaching, training and facilitating. The following diagram illustrates the building blocks for successful leaders and managers.

**Figure 2.1 - The Leadership Effectiveness Triangle**



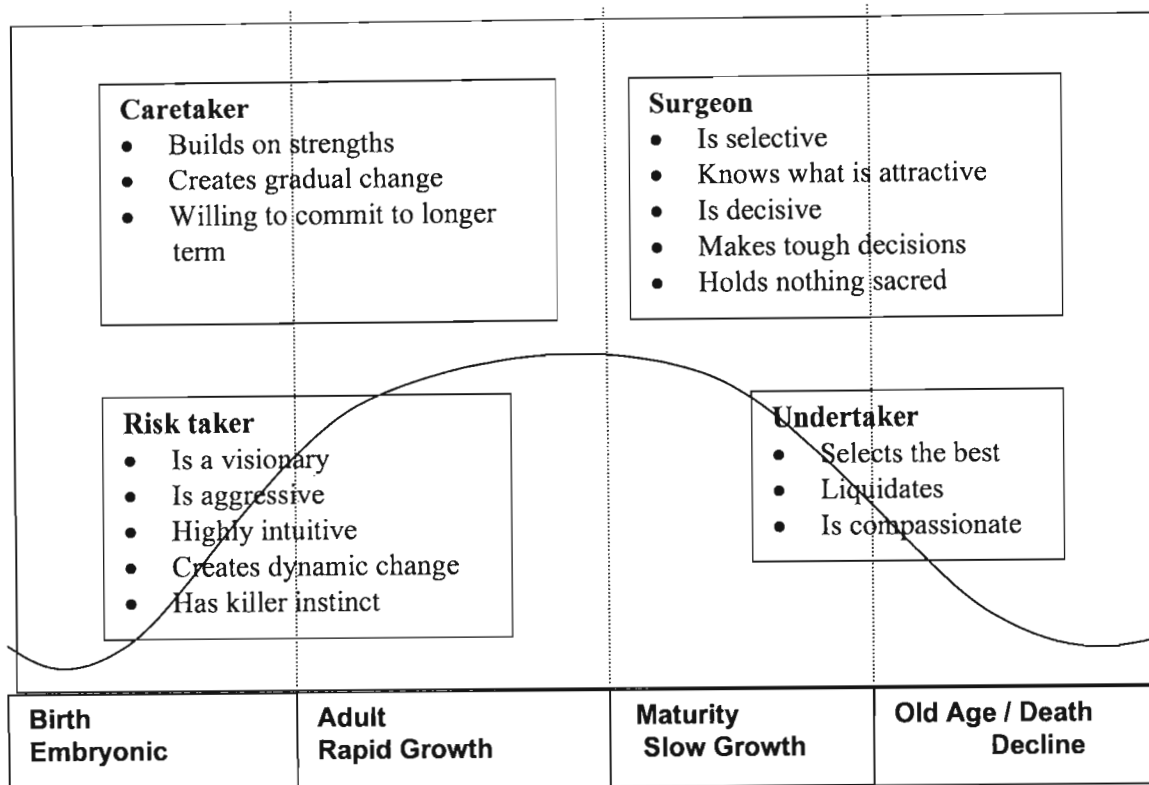
(Source: Adapted from Stephen G. Haines, First step training & Consulting, 1991)

- **Trainer** – Successful leadership is not about issuing orders but it is more about teaching people to be good at their jobs and empowering them.
- **Coach** – Leaders must be brave and willing to confront and coach people towards high performance
- **Facilitator** – Leaders must be able to guide / facilitate teams to leading themselves towards high performance / success

Rothschild (1993) claims that the leader must be linked with the team and the strategy and if this is done, then all that is needed is good management. He further points out three factors that are critical to strategic leadership:

- Leader and life cycle phase must be matched
- Each strategic differentiator requires a different leader and implementation team
- Just as strategies must change, so must leadership
- Risk Takers are required when a business is embryonic. Once the business reaches an adult stage, the qualities of a caretaker is required. In the maturity stage, the special pruning skills of a surgeon are required and finally, when the business is in the death stage, an undertaker is required.

**Figure 2.2 – Linking Strategy and Leaders**



(Source: Rothschild, W (1984) Risk- taker, Caretaker, Surgeon, Under- taker:  
The Four Faces of Strategic Leadership)

## 2.3 TOTAL QUALITY MANAGEMENT (TQM)

TQM is about continuous improvement and continuous improvement assumes that you never achieve total quality however you strive to move closer to it. Fox (1995) defines TQM as a management approach of an organization, centered on quality, based on the participation of all its members and aiming at long term success through customer satisfaction and benefits to members of the organization and to the society.

According to Ciampa (1992), TQM is about total dedication to the customer. In an organization where TQM is the mindset, all employees are actively involved in improving quality to achieve that kind of total dedication to the customer and all activities / processes are designed and implemented in a manner that the needs of the ultimate customer are met and exceeded.

### **2.3.1 Three Ways to Define Total Quality (Ciampa, 1992)**

<b>The Unifying Principle</b>	—————>	Total dedication to customers so that the customers' needs are met & their expectations are exceeded
<b>The Outcomes</b>	—————>	Intensely Loyal Customers
	—————>	Time minimized so that costs go down
	—————>	A climate that supports teamwork
	—————>	A general ethic of continuous improvement
<b>The Tools and Techniques</b>	—————>	Quality Control, quality assurance
	—————>	Just- in- time
	—————>	Organizational Development
	—————>	Leadership

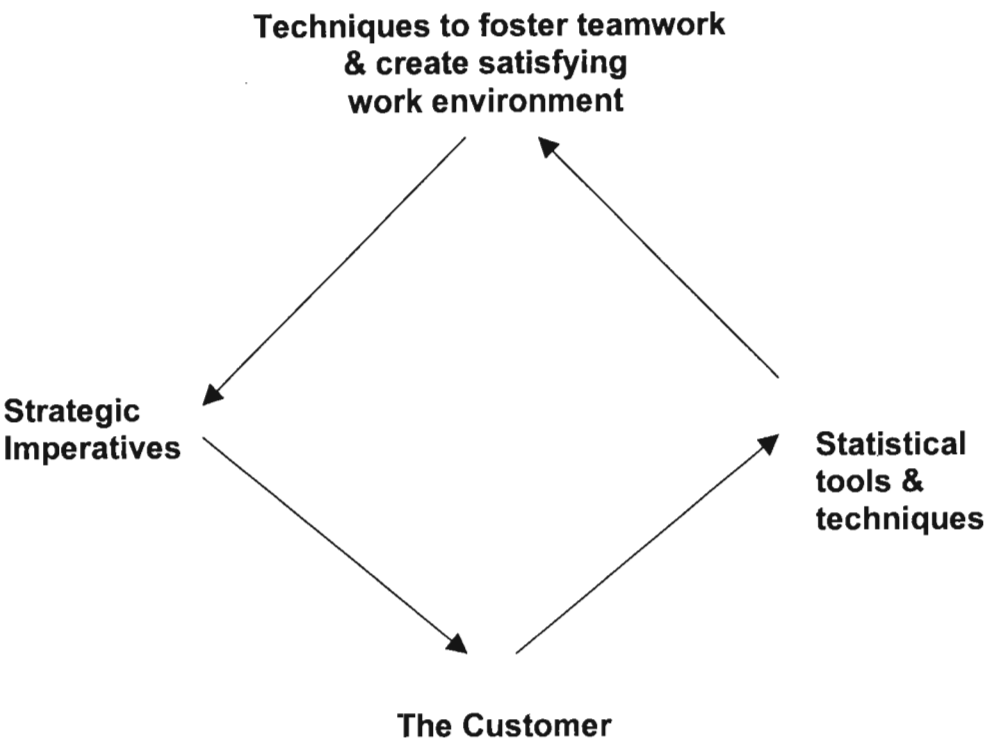
### **2.3.2 The Four Bases of Total Quality**

Ciampa (1992) developed the Four Bases of Total Quality and in order to introduce some ideas of where total quality came from, he uses an analogy to the sport of baseball.

- A team that wins a baseball game does so by scoring at least one or more runs than the other teams
- A run is scored when the player touches 4 goals called bases
- The fourth base is the home plate and in order for a run to be scored, the player has to touch all 3 bases in sequence first.

The figure below depicts this analogy whereby the home plate (the base that needs to be touched for a run) is the customer. So “touching the customer” is the aim of the game.

**Figure 2.3 - The Four Bases of Total Quality**



(Source: Ciampa, D. (1992) In Total Quality Ciampa, pg 16)

The figure above depicts this analogy whereby the **fourth base** or the home plate (the base that needs to be touched for a run) is the customer. So “touching the customer” is the aim of the game. It is accepted that the customer is an important element of Total Quality. The customer and concern for meeting customers’ needs and exceeding their expectations, while producing what has been promised must be the driving force behind Total Quality.

The **Third Base** is the Company’s strategic imperatives that need to be addressed for the company to move in the right direction. These imperatives depend on processes which are the focus of improvement activity. Examples

of processes include the way in which customer complaints are handled. Processes involve many people from various departments and the quality of the final output is dependent on the input from previous departments.

The **second base** is the collection of techniques and approaches that foster teamwork and create a satisfying, motivating work environment. This is the “people component” which is critical to TQM. This component looks at organizational development, culture, leadership, staff motivation and empowerment, training and development.

The **first base** which is the technical component refers to tools and techniques. These refer to procedural and / or technical examples intended to make the organization perform more effectively. Critical to total quality is the development of systems that would organize the process by which a product is made / service delivered. This also ensures that roles and responsibilities are clear and measurable. Companies must develop techniques to measure output and set standards against which staff would be measured. Where Quality control techniques inspected something already made, the transition is to Quality Assurance, which predicts non conformance.

### **2.3.3 Common Elements in Total Quality Management**

The following features apply to many of the TQM Models which have been expounded by many people (Fox, 1995).

- Total Quality Management is outward-looking; it is customer oriented rather than manufacturing oriented
- It analyses the organization serving the customer into a sequence or network of interlocking processes
- Each process must have clearly identified suppliers, process-owners and customers; suppliers and customers may be internal to the organization
- TQM emphasizes continuous quality improvement ; goal is to delight rather than satisfy the customer



- Long term commitment and involvement required from top management to sustain steady improvement – management must be role models to workforce
- Requires contribution of all members of the organization and especially within teams
- Teams can function effectively if they can be supported with appropriate training, and if techniques taught are exploited to the fullest
- TQM will only advance if progress can be measured objectively and achievements are identified and rewarded / honored
- TQM demands and builds on the foundation of a suitable and effective quality system

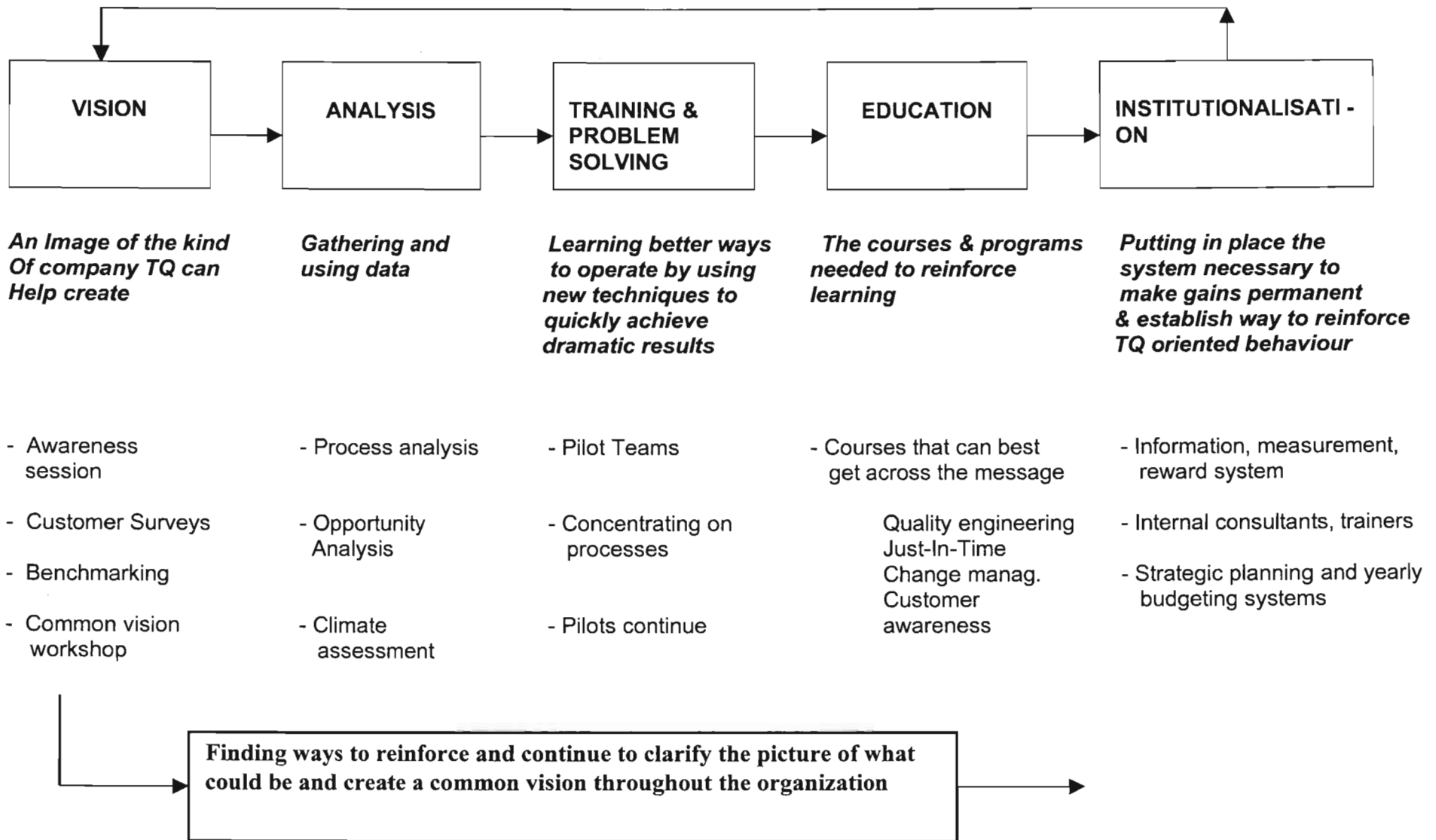
#### **2.3.4 Models For Implementing A Total Quality Management System**

Sometimes plans for improvement take place over many years, whilst in some organizations the need is immediate. There is no one prescribed plan for designing and implementing a total quality system since this needs to be tailored / customized to address the needs of individual organizations. However, there are models that have been developed which essentially include the organizational approach to quality system implementation.

1. Ciampa (1992) points out characteristics of companies that have succeeded at implementing Total Quality:
  - Leader starts with a vision of how the company should be and sees Total Quality as a means to get there
  - An analysis is often done and becomes an ongoing process. The analysis relates to customer needs and expectations.
  - Problem solving done effectively and involves every employee
  - Learning new techniques through ongoing training. Hands-on experimenting and pilot projects

- Education courses used to reinforce learning and the vision created by the leader. These programs are not generic but they are customized / tailor made to meet specific needs
- The top management team / leadership institutionalizes a system necessary to reinforce Total quality principles

**Table 2.2 – Implementing Total Quality** (Source: Ciampa, D. (1992) In Total Quality, pg 107)



2. Stahl (1999) points out that the recommended quality system implementation model should commence with a high level strategic plan that consists of the following:

- **Purpose** – Why is the quality approach the strategic direction of the company, can it improve performance across the organization? What is the common thread between the quality system approach and the company's overall vision, mission and values?
- **End Goals** – What will the organization achieve when the quality system is in full operation, in terms of customer experience, market position, employee behaviour, financial measures etc
- **The Quality Management System** – What is the quality management system and why was it chosen? What is the significance of process management or process improvement / re-engineering? How will it differ from current operations
- **Structure** – How will the company organize itself in terms of structure / resources in order to implement the quality system? What are the different roles and responsibilities?
- **Implementation Methodology** – How will the different players of the organization be involved in decision making and implementation?
- **Implementation Schedule** – Identify key milestones, when are they expected to be reached, what type of training and education will be provided, when and how?
- **Key leadership assignments** – Identify individuals who are appointed to key leadership assignments
- **Resource Commitment** – Identify resources needed to implement the quality system, what are the costs involved?
- **Information Technology** – To what extent will IT be used in the implementation of the quality system?
- **Communication** – What communication strategy will be employed to communicate the quality initiative to the organization?
- **Critical Success Indicators / Factors** – What are the key factors for achieving progress? How will these be measured and reported?

We must keep in mind that the implementation of a total quality system is an integrated approach involving leadership, structure, processes as well as the culture of the organization

3. Quality Lessons from America's Baldrige Winners – Hodgetts (1993) reports eight lessons that are universal among Baldrige winners and these are critical to the success of firms trying to become the best in their class. In an effort to improve overall competitiveness of U.S. Industries, Congress created the Malcolm Baldrige Quality Award.
  - **Lesson 1: Formulate a vision of Quality** – Every Baldrige winner has formulated a vision of what it means by the word "quality" and this vision was used to guide the quality plan of the company
  - **Lesson 2: Top management involved from the Beginning** – At every award winning company, top management was actively involved in the total quality effort from the start
  - **Lesson 3: Focus On Customer Needs** – This is done through data gathering and data analysis. Data gathering is done via customer surveys, telephonic interviews, face to face meetings etc. After the data is collected, problems are identified and then procedures are developed to analyze these problems and eventually resolve them
  - **Lesson 4: Develop Planning and Implementation Process** – Each award winning company planned for total quality by first determining the objectives to be attained and then formulating a plan of action
  - **Lesson 5: Train Employees** – Staff must be trained on methods first and then they must be given the opportunity to apply it to their jobs
  - **Lesson 6: Empower Employees** – Baldrige companies invest time and effort in training their staff to be more involved and they are also empowered to make decisions
  - **Lesson 7: Recognize and reward Employees** – Each company has its own recognition system however rewards include financial rewards, time off from work, holiday trips etc.

- **Lesson 8: Make continuous improvement an ongoing challenge** – All award winning firms strive for continuous improvement. A common improvement tool is benchmarking, which is the process of comparing the company's current performance to that of organizations seen as "best in class".

### **2.3.5 Total Quality and People Involvement**

If Quality is providing what the customer wants then the provision of that quality requires the participation of all employees. For employees to be used effectively, they must understand the principles of quality and adopt ownership. In order for an organization to become "world class", the most difficult step is how to achieve what Crosby, an American Quality Guru, calls the "quality inoculation" (Fox, 1995).

#### **2.3.5.1 The Role of Management**

"The responsibility for and commitment to a quality policy for the service organization belongs to the highest level of management" (International Standard, ISO 9004 – 2, Quality Management and quality system elements: Guidelines for services)

Kahn (1989) claims that you cannot start "a little on the quiet" and gain acceptance from management later. He says that quality starts at the top and is total. Research has repeatedly shown that quality improvement cannot be successfully carried out without top management commitment.

- **Common Vision** – It is critical for the leader to feel passionate about what the future image of the company should be. Further, the leader must create a vision such that people throughout the organization become equally passionate.

- Leadership Points – Deming (1986) summarizes some essential leadership points for quality improvement:
  - Create constancy of purpose towards improvement of product and service
  - Institute training on the job
  - Institute a vigorous program of education and self improvement for everyone
  - Constantly improve every process for planning, production and service
  - Break down barriers between staff areas
  - Get everyone in the company to work towards accomplishing transformation
  
- Employee involvement – Employees are empowered when they are more involved with their jobs and take on more responsibility. In this generation leaders get things done through participation of people. Employee involvement will not only help the organization to succeed from a business results perspective, but involvement will also provide the platform for individual meaning and development for the employee. Ciampa (1992) describes the “new business environment” concept as a business climate that fosters collaboration between people, open communication, problem solving, innovation and commitment. Not only managers, but also employees must become agents of change.

#### 2.3.5.2 Lessons from Successful Employee Involvement Efforts

Ciampa (1992) identified some common denominators for effective employee involvement from organization that yielded successful results:

- Create a common understanding – Everyone must understand the strategic intent of the business in terms of total quality

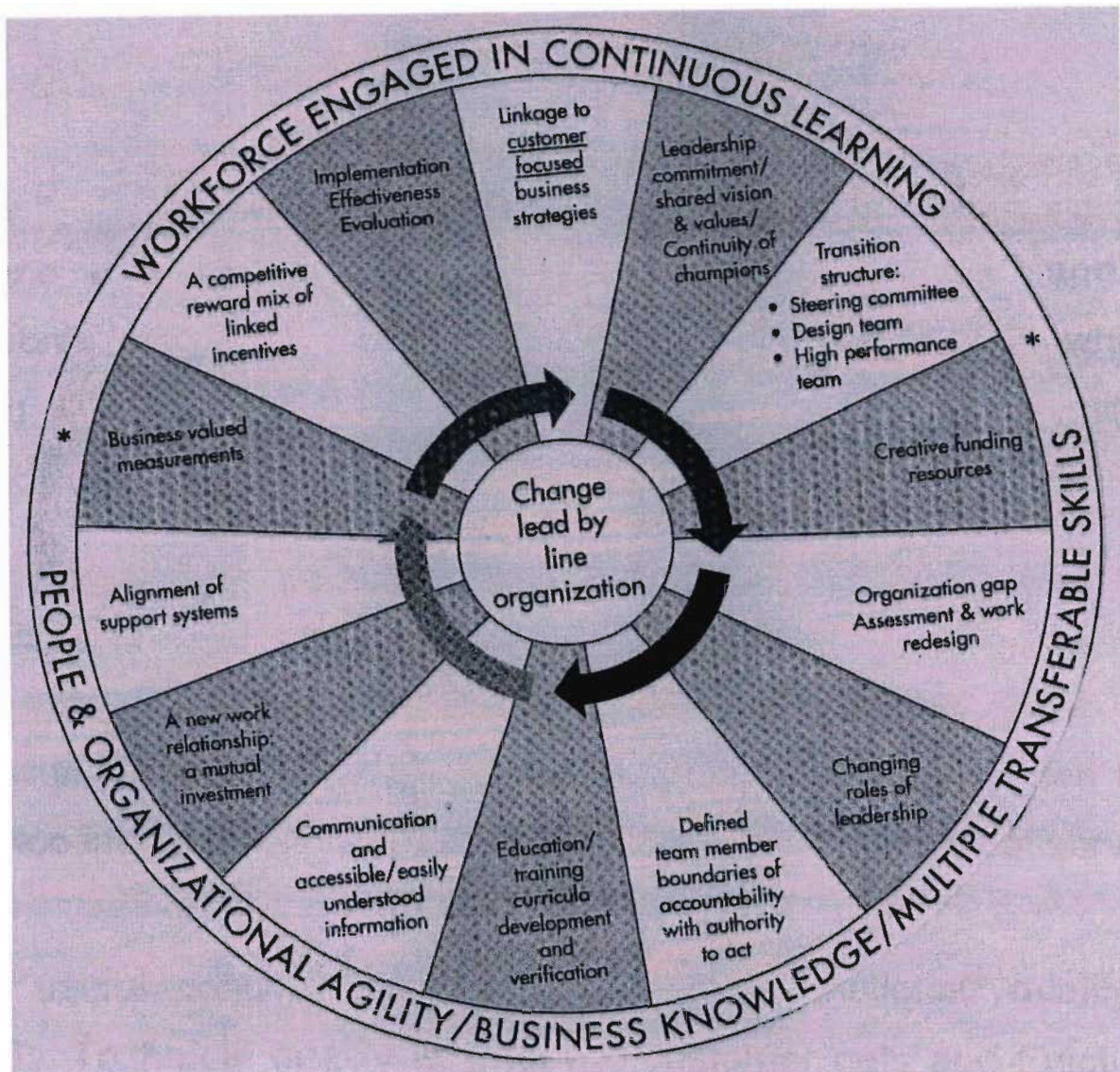
- Employee Involvement must be genuine – A process must be in place where employees make significant improvements in their own work. The benefits of involvement must be seen
- Conditions for People to be empowered – Skills building, change in organization structure, cut down bureaucracy
- Reward Success – Intrinsic reward e.g. recognition and feedback or extrinsic e.g. promotion, money etc.
- Employees must have a chance to be involved at the inception stage of Total Quality Management.

#### 2.3.5.3 High Performance Organizations

Stahl (1999) describes the “High Performing Organization” as an environment which has been designed such that every person brings out their best, resulting in an organization consistently delivering outstanding business results. This is a key element of effective quality management. People engagement is critical to achieving a high performance organization and they understand their value to the organization as individuals as well as teams. This type of organization fosters a culture of innovation and creativity. Globally, organizations are introducing the concept of high performance work teams as a method of engaging people in the daily operations of the business.



Figure 2.4 – Framework for transition to high performance teams



(Source: Stahl, M.J. (1999) Perspectives in Total Quality, Pg 121)

## 2.4 QUALITY SERVICE

Service Quality is more difficult for customers to evaluate than goods quality. Customers do not only evaluate service quality solely on the outcome of a service, however they also consider the process in which the service is delivered. In evaluating service quality, the customer is the only person that defines the criteria (Zeithaml, 1990).

According to Fox (1995) organizations that offer a service have two features in common:

- Their product is less tangible and less measurable than that of a manufacturing organization
- In a services organization a large proportion of the workforce has direct contact with the external customer. Hence, the customer's perception of the company is dependent on the behaviour by these employees

People always complain about bad service. Nowadays, people talk about good or bad quality in products or in a service. Businesses should be steered by the customer's perception of quality. This quality service assessment will be based on the experience the customer has with the organization. Townsend and Gebhardt (1988) refer to "quality in fact" and "quality in perception", the former meaning conforming to specification while the later meaning that the customer thinks she / he received the quality she / he expected.

### **2.4.1 Service Quality Concepts / Models**

In recent years the following concepts helped to form a common language in top service industries. These concepts can relate to all types of service:

- Two useful concepts are "technical" and "functional" quality (Goriwos, 1983). Technical quality is what the customer gets and functional quality refers to the manner in which the customer receives the service. The company's image is a filter in the customer's assessment of the quality of a service.
- Lehtinen and Lehtinen (1983) refer to physical quality, interactive quality and corporative quality. The physical quality includes both the physical product and the physical support in the total service delivery. Interactive quality refers to the interaction between the customer and staff of the

service company. Corporative quality refers to the quality of the service company's image and profile.

- Gumesson (1987) developed a model on the basis of work carried out in the manufacturing industry. He proposed the terms "design quality" (quality built into the design of a product) and production quality (how a service / product is produced). Delivery quality refers to the manner in which the service is delivered and relational quality refers to the quality in the interaction with the customer. Relational quality is process linked in that it is coupled to how the service is produced and provided. Thus if a customer is dissatisfied with the result, then this could lead to a breakdown in the relations between the customer and the service company

#### **2.4.2 Critical Quality Success Factors**

This refers to the customers' perception of quality of the service. Research has indicated some common factors for all services. Edvardsson, Thomasson and Ovretveit (1994) points out that a perception of the service company involves a number of factors:

- Staff experience, knowledge and competence
- Staff commitment and willingness to serve the customer
- Reliability and trust also central to quality from the customer's perspective – customer wants to feel that he / she can rely on the service being provided / get what was promised
- Staff must reflect empathy or interest in serving the customer
- Ability to handle critical incidents and customer complaints thus strengthening customer relations

#### **2.4.3 Competence for Service Quality**

The basis for service quality is competent, committed and motivated staff. The customer perceived quality of a service depends on the competence of their staff to handle their relationships with customers. Staff require training to work

with customers to create service and this calls for special skills (Ovretveit, 1993). Thus, in order for the company to offer the right quality of service, it needs a competence strategy, linked to a quality strategy.

The competence strategy involves long term planning of current and future competence requirements in the company. This strategy will involve an analysis of current competence levels. In order to raise staff competence levels, a developmental strategy must be introduced which will involve basic learning, training and development. Managers need to draw up development plans for staff.

#### **2.4.4 Customer Care**

Ovretveit (1994) points out that if you place the customer at the centre, then customer care and complaints handling are central to improving quality. Studies indicate that on average, it is cheaper to retain an old customer than to get a new one. So companies should see customer care as a long term investment. Peters and Austin (1986) draws attention to 2 categories of companies and the manner in which they reacted to dissatisfied customers. The typical company sees customer complaints as a disease to be free from so that the pain can be rapidly forgotten. The second category company sees complaints as a golden opportunity.

Zemke and Shaat (1991) studied 101 companies in search of common denominators for companies to be considered as leaders in customer care. The following five areas were identified

- They listen carefully to customers and try to comply with customer requests
- They have a vision of what customer care entails
- On the basis of vision, they define customer care in concrete terms. They also follow up through monitoring and evaluation

- They employ service minded staff and provide training to staff
- Reward staff who make an effort with customer care

#### 2.4.4.1 Critical Incidents and Moments of Truth

Suprenant and Solomon (1987) define the “moment of truth” as the “dyadic interaction between a customer and a service company”. However, there are other factors that impact on the moment of truth and these include the staff of the service company, the physical environment etc. Now a critical incident is that moment of truth which ends up being a bad encounter for the customer / something that has gone wrong. However, there may be critical incidents which are positive. In most instances a critical incident is an unpleasant one which affects the customer’s perception of quality and this forms the final trigger which causes a customer to complain.

#### 2.4.4.2 Using customer Complaints as a Strategic Tool

If companies want to create a customer focused culture, then they will have to treat complaints as useful feedback from the customer. Customer complaints play a strategic role in that companies learn more about customer wants / needs through their complaints and eventually services / products are improved.

#### 2.4.4.3 Service Recovery

We can conclude that problems will always be with us. Most organizations, irrespective of how service driven they are, will experience some product / service failure at some point in time. Thus all organizations must implement service recovery which is the process of making right what went wrong. Companies must therefore link complaining behaviour to service recovery and continuous quality improvement.

#### 2.4.4.4 Responsive Companies create opportunities for Customer Complaints

If companies want their customers to be central to their business, then they ought to create an environment that values customer complaints. Motorola, one of the first winners of the Baldrige National Quality award, holds monthly, all day meetings to discuss only problems. Customers are invited to these meetings and they are encouraged to voice their complaints.

Companies must also structure their business such that customer complaints are not hidden and that they are easily channeled. As a result, companies have to be creative in how they hear about customer complaints. Some companies conduct customer satisfaction surveys to learn about hidden complaints.

#### 2.4.4.5 Customer Complaints as a Gift Philosophy

Barlow and Moller (1996) developed the “complaint as a Gift Philosophy”, which is summarized below:

A complaint is made when expectations have not been met. However, this is an opportunity for the company to satisfy a dissatisfied customer by fixing the problem. So, according to the “gift philosophy” a complaint is a gift that customers give to a business. Like you would benefit from a gift given to you on your birthday by a friend, so too the company will benefit from opening this package carefully and seeing what is inside.

On a surface level, customers may be complaining about something that has gone wrong with a product or service, however at a deeper level, that customer is allowing the company to respond so he will continue supporting that organization. Complaints could also be a means of warning an organization that a customer may have intentions of moving to a competitor. So when organizations listen to customers with open minds, they experience complaints as gifts. For companies to treat complaints as gifts, we need to

achieve a complete shift in perception and attitude about the role of complaints in modern business.

#### 2.4.4.6 The Eight Step Gift Formula

- Say “thank you”
- Explain why you appreciate the complaint
- Apologize for the mistake
- Promise to do something about the problem immediately
- Ask for necessary information
- Correct the mistake promptly
- Check customer satisfaction
- Prevent future mistakes

Finally, the organization must be complaint friendly. Customers must access the company easily to lodge complaints e.g. toll-free numbers, complaint forums etc. Staff must be trained on how to handle customer feedback and they should also be rewarded for satisfying customers who have complained. Complaint policies are essential, staff focus groups, internal complaints / feedback.

## 2.5 BENCHMARKING CUSTOMER SERVICE

Today, companies cannot afford to reach a stage of complacency and assume that their position is secure. Every company is vulnerable to competition. Progressive companies improve their competitive position by using best practice benchmarking. Fox (1995) defines benchmarking as “measuring the performance of your company against the yardstick of the best operation of a similar kind of company known to you. So benchmarking is a process of learning from other organizations ways of improving your business.

### **2.5.1 Four Steps of Benchmarking (Peters, 1994)**

- **Identify** – It is a continuous process which must be built into the company's culture and management processes. It must not be a "once off" exercise.
- **Analyze** – The sole purpose is to identify areas for improvement.
- **Plan** – Identify and state clearly the best practice in functions or processes, both inside and outside the organization's business sector.
- **Implement and Evaluate** – Specific action must be taken. Benchmarking is all about implementation.

### **2.5.2 Benefits of Best Practice Benchmarking**

- Better understanding of customers as well as competitors
- Customer requirements are met
- Fewer complaints and more satisfied customers
- Better quality
- True measures of productivity and customer satisfaction can be established
- Goals established and the entire organization works towards these goals
- Organization achieves a more competitive position
- Increased profits and sales turnover

From the benefits, we can see that best practice benchmarking is both a marketing tool as well as a contribution to Total Quality Management.

### **2.5.3 Levels Of Benchmarking**

Peters (1994) explains that benchmarking falls into 3 categories:

- **Strategic Benchmarking** – At this level of benchmarking, we compare / contrast the strategic mission and direction of the company – its culture, people, and skills it employs in achieving its mission.



- Process / Operational Benchmarking – Looks at methods, procedures and business processes of the organization.
- Statistical benchmarking – This is about performance indicators e.g. sales per annum, rate of defects etc.

### **Benchmarking Customer Service – Using the 3 categories**

The different levels of benchmarking can be used to improve customer service. Strategic benchmarking is used in defining the company's service strategy and identifying the target culture required to deliver that strategy. Process benchmarks will be useful in initiating change. Statistical benchmarks will assist in monitoring the performance of the service the company offers.

#### **2.5.3.1 Benchmarking at Strategic Level**

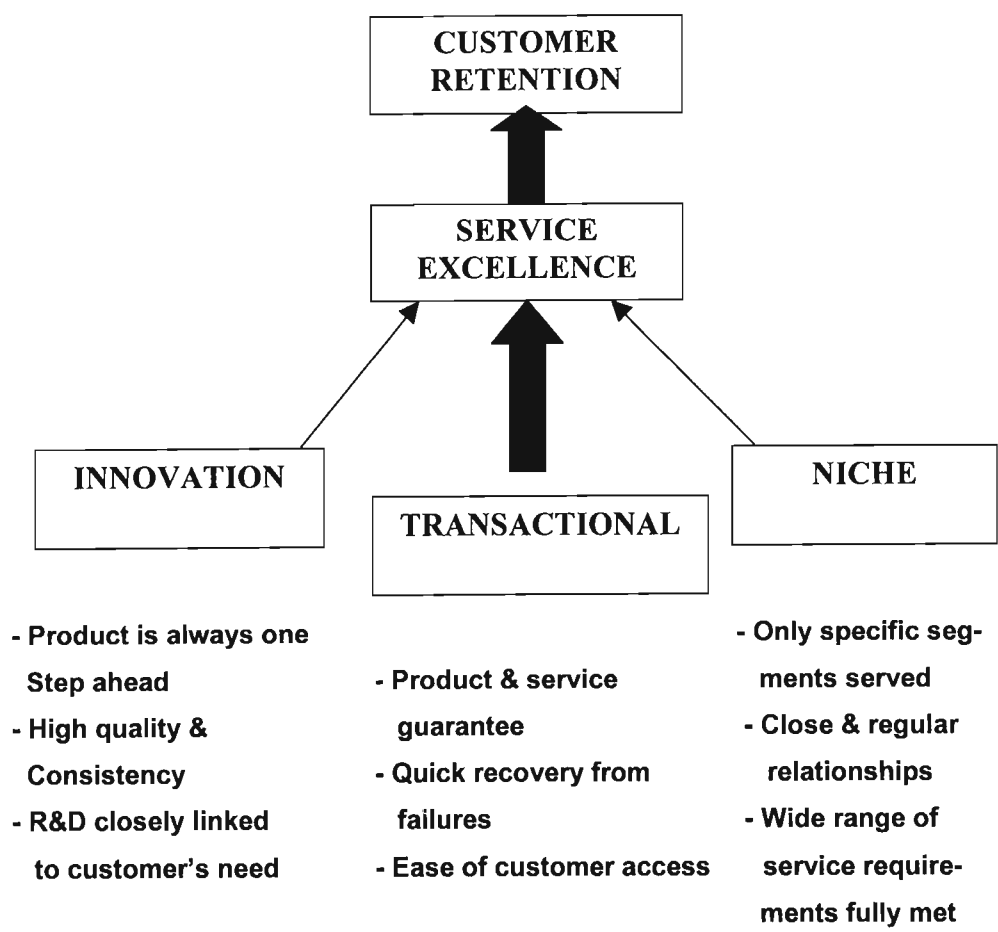
At this level, benchmarking is a three-phase approach.

- Examine organization's customer service strategy
- How does the organization involve their culture
- Learn how to exploit skills and competencies

#### ***a) Benchmarking service strategy***

Organizations' service delivery strategy is usually based on one of the three service templates illustrated in the figure below. Each template has its own service components and these need to be developed according to how the customer sees your offer.

Figure 2.5 – Customer Service Delivery Strategy



(Source: Peters, G. (1994) Benchmarking Customer Service)

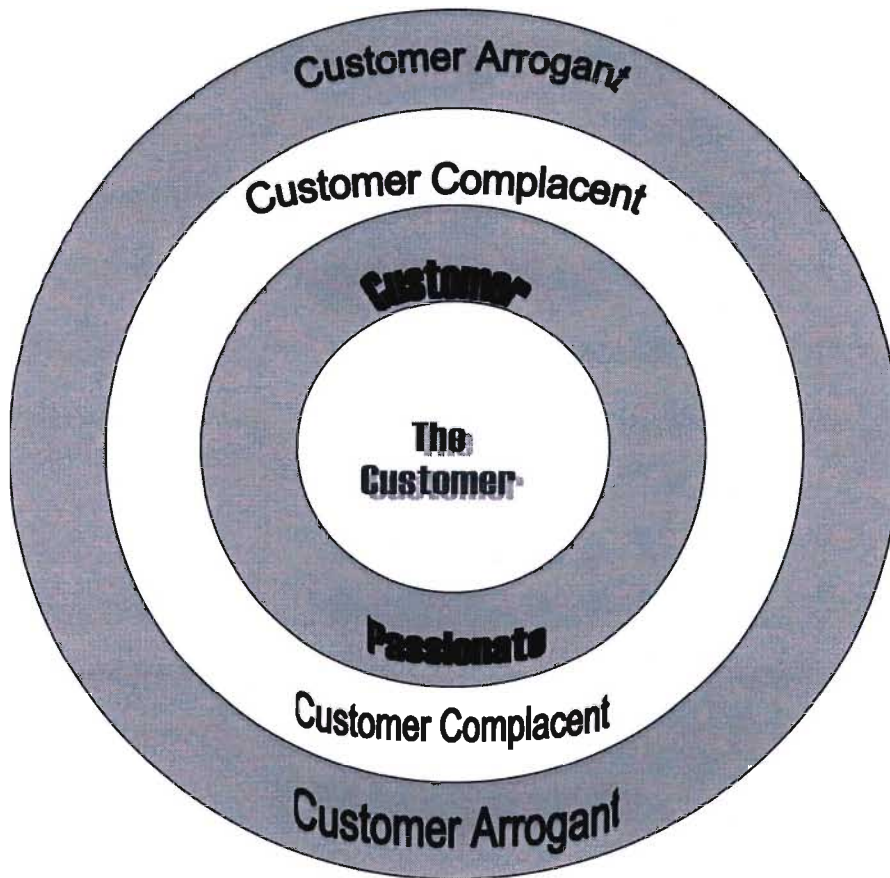
**b) Benchmarking Culture**

To a large extent, an organization's culture will determine the success or failure of engineering a customer focused ethos. In order for organizations to bring about change, they need to modify their culture. Benjamin Schneider, US researcher developed a tribal model for assessing culture of the organization in terms of attitude to customers. Management researchers accept that tribalism does not only exist in primitive cultures but also in modern organizations. Anthropologists categorized tribes as having 4 key attributes: rites, rituals, totems and rules.

- **Rites** – Examples include recruitment, training, promotion etc.

- **Rituals** – These mark significant events and enable common bonds to develop among participants e.g. retirements, inductions, celebrations of promotions (How often do customer heroes get to be celebrated?)
- **Totems** – Symbols of what the organizations stands for. It may be the corporate Head Quarter, portrait of founder President, Mission statement etc.
- **Rules** – Written or unwritten rules define acceptable and unacceptable behaviour in an organization (does your company have rules for the way customers are handled?)

**Figure 2.6 – Three Types of Organizational Culture**



(Peters, G. (1994) Benchmarking Customer Service, pg 35)

**Table 2.3 – Organizational Culture: Tribal Stereotypes**

	<b>CUSTOMER ARROGANT</b>	<b>CUSTOMER COMPLACENT</b>	<b>CUSTOMER PASSIONATE</b>
<b>rites</b>	<ul style="list-style-type: none"> <li>• Good Riddance attitude prevails when customers take business elsewhere</li> <li>• Little training given to new recruits on customer service</li> <li>• People promoted to the top are seldom customer heroes</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing restructuring with organization &amp; customers rarely involved in process</li> <li>• When a customer is lost it comes as a surprise to organization</li> <li>• Celebration over new customers as opposed to existing customers who repeat purchase</li> </ul>	<ul style="list-style-type: none"> <li>• Sudden loss of customer treated with great concern</li> <li>• Top management always involved in finding out causes</li> <li>• Customer retention measured routinely</li> <li>• Targets hand full of key customers</li> </ul>
<b>rituals</b>	<ul style="list-style-type: none"> <li>• Customer complaints taken seriously when legal action threatened</li> <li>• Sales force visit customers to tell them what they need</li> <li>• Customers rarely involved in strategy formation</li> <li>• Management meetings dominated by internal issues</li> </ul>	<ul style="list-style-type: none"> <li>• Missed sales targets often reconciled as a result of tough market conditions. Minimal analysis of true reasons</li> <li>• When customer complains, there are promises which are later broken since the company is unable to fix problems quickly</li> </ul>	<ul style="list-style-type: none"> <li>• Organization encourages customer complaints and has clear procedures for dealing with these</li> <li>• Regular visits to clients</li> <li>• No new product / service offered without close involvement of the customer</li> </ul>
<b>TOTEMS</b>	<ul style="list-style-type: none"> <li>• Pictures of chairman</li> <li>• Fancy titles abound, none of which means a lot to customers</li> </ul>	<ul style="list-style-type: none"> <li>• Framed slogans or quality statements throughout the office and no- one understands what it stands for</li> <li>• Special managers deal with key customer accounts</li> <li>• There are one than one person involved &amp; this creates confusion</li> </ul>	<ul style="list-style-type: none"> <li>• Customer mission set out simply and clearly for all to see</li> <li>• Everyone knows it &amp; understands how it applies to their jobs</li> <li>• One Key Acc. Manager &amp; everyone is aware of his/her role</li> <li>• Frontline staff believe they have a responsibility for the customer</li> </ul>
<b>RULES</b>	<ul style="list-style-type: none"> <li>• Management &amp; employees put themselves before the customers</li> <li>• Customers are an inconvenience</li> <li>• Organization has no means of valuing long term relationships</li> </ul>	<ul style="list-style-type: none"> <li>• A few people put the customer first</li> <li>• Management less committed than frontline staff</li> <li>• When customer complains, problem is resolved first time but they cannot guarantee that it doesn't happen again</li> </ul>	<ul style="list-style-type: none"> <li>• All must put the customer first</li> <li>• Most of the organization structured around process</li> <li>• Customer complaints are seen as an opportunity &amp; not as a problem</li> <li>• Customer satisfaction measurement Prime mover behind remuneration</li> </ul>

### ***c) Benchmarking Skills and Competencies***

Employees interacting with customers require a set of competencies of which best practice examples may not always exist in the business world. Thus benchmarking competencies does not necessarily require assessment against other competitors, but it is also about learning from parallel professionals. For instance, a series of skills are necessary for developing and sustaining client relationships and these include handling rejection, conflict resolution, leadership, counseling, listening, motivating staff etc. We could look at parallel professions that typify best practice in these competencies e.g. family therapist, Teachers, actors, child counselor.

#### **2.5.3.2 Benchmarking at Process Level**

This form of benchmarking appears to be one of the most effective since it helps to enable change in the organization. Process benchmarks deal with “How to”? By benchmarking at a process level, you are able to learn best practices from a much larger pool of organizations.

The Malcolm Baldrige and European Quality Award developed a framework for assessing “customer excellence” companies. This framework was based on five key customer service processes:

#### ***a) Understanding Customers’ Needs***

- In order to understand customer needs organizations must understand associated processes and sub-processes e.g. near and long term requirements, future requirements and expectations, and the processes for determining the requirements
- Sub-processes include method for segmenting customer base, information / data collection methods, determining time horizons, analyzing competitors etc.

### ***b) Managing customer relationships***

There are seven steps in the process of managing customer relationships:

- **Identifying key requirements**
- **Setting service standards** – standards that address key quality indicators are set
- **Customer accessibility** – Ensure customers have easy access to company should they need assistance or wish to complain
- **Seeking feedback** – Determine customers' satisfaction on products / services by seeking feedback from them on a regular basis
- **Improving relationships** – Assess how customer information is used in improving standards thereby strengthening customer relationships
- **Commitments** – Organization must make a commitment to promote trust and confidence in its products / services and to satisfy customers
- **Evaluating and improving** – The organization must continuously evaluate and improve its commitment. Key questions include:
  - How is information / feedback from the customer used?
  - What do customers think of the commitments of competitors

### ***c) Delivering service through people***

Key processes for delivering service through people are:

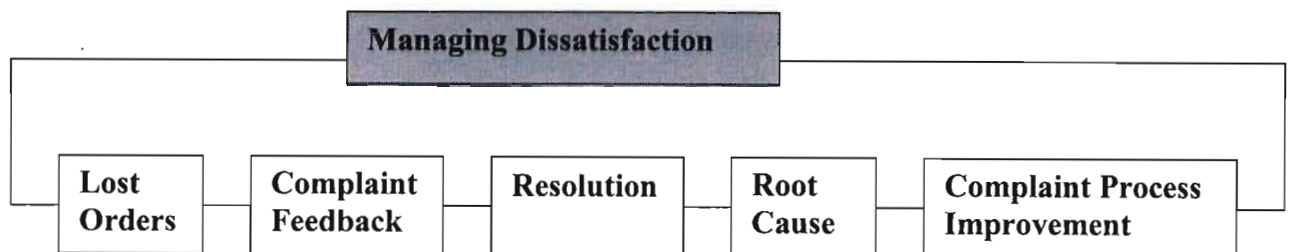
- **Providing technology support** – This support enables staff to provide reliable and responsive services
- **Employee involvement**
- **Reward and recognition** – Management as well as other staff must be rewarded for supporting the company's customer service objectives
- **Getting Feedback**
- **Empowerment** – Employees are given authority to act with responsibility and innovation

- **Training** – Continuous training and development for staff to be able to meet customer needs
- **Key Indicators of wellbeing** – Organizations should measure trends in key indicators of well being and morale i.e. employee satisfaction, absenteeism, staff turnover. These results need to be compared with industry averages

#### ***d) Managing Dissatisfaction***

There are 5 key processes that are required to benchmark the management of dissatisfaction:

**Figure 2.7 – Managing Customer Dissatisfaction**



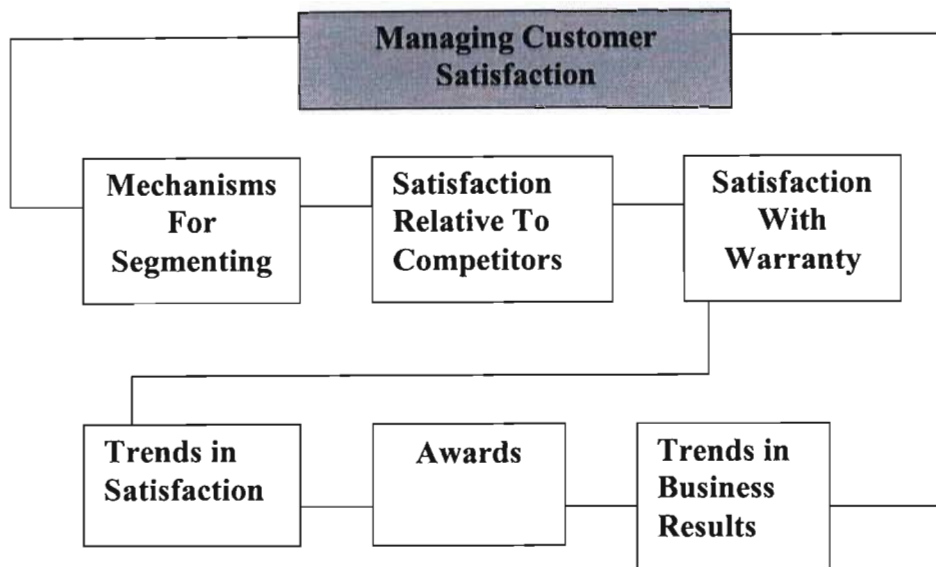
(Source: Peters, G. (1994) Benchmarking Customer Service, pg 108)

#### ***e) Measuring customer satisfaction***

It is the challenge of every company to move customers' perceptions from "indifference" to "delight". Remember that delighted customers remain loyal. Therefore, the measurement of customer satisfaction is critical to any organization. The 6 essential processes required when benchmarking management of customer satisfaction are illustrated below:



**Figure 2.8 – Managing Customer Satisfaction**



(Source: Peters, G. (1994) Benchmarking Customer Service, pg 108)

#### 2.5.3.3 Benchmarking at Statistical Level

Statistical benchmarking refers to the measurement of the process benchmarks mentioned earlier. It is futile for an organization to employ best practice processes if these processes are not evaluated according to **the approach** (e.g. how well does the organization serves its customers), **the deployment** (how well the company executes the approach) and **results** (is there evidence of these actions in the form of business results).

- **The Approach** – In order to evaluate the method used by the company to achieve its requirements, certain questions need to be asked and the following are some examples:
  - How effective are methods, tolls and techniques?
  - To what degree is the approach based on effective evaluation and improvement?
  - To what degree is the approach systematic, integrated and consistently applied?



- **The Deployment** – In order to evaluate the extent to which the approach has been implemented, some questions need to be asked and the following is an example:
  - Has there been an effective application of the approach by all work units to all processes, activities, products, services and interaction with customers / suppliers?
- **The Results** – The results refer to the outcomes of applying various processes within the organization. For example, an aggressive customer service approach must have a positive effect on the overall business performance. When ascertaining whether these approaches are contributing to the business results, the following questions are asked:
  - Has there been an improvement in business performance
  - Has the quality improved relative to desired benchmarks

**Statistical benchmark methods include:**

- Customer hotlines
- Analyzing new business received
- Data collection through customer focus groups, mystery shopper / customer, quantitative surveys

## **2.6 BEST PRACTICES IN CUSTOMER SERVICE**

Now more than ever, customers are rewarding companies that meet or even exceed their needs and avoiding those that do not. According to Susan Smith (1997) customer service is about meeting the needs of customers as defined by the customer. Companies that meet the needs of their customers know exactly what their customers want and therefore they are given that which they require on a consistent basis.

### **2.6.1 Customer Service As a Competitive Advantage**

With fierce competition in the marketplace, companies need to be innovative in order to differentiate themselves to be in the lead. More and more companies are seeking to distinguish themselves from the rest through quality service. Such companies are interacting closely with their customers, building strong relationships and finding out what is most important to the customer. Companies now want to add value.

### **2.6.2 A Customer Service Initiative**

Organizations should develop a customer service plan that is tailor made for the organization but also that it meets the needs of the customer.

Some benefits of a customer service plan are as follows:

- Reduced stress since the plan will include a systematic way of dealing with customers problems / complaints
- Greater efficiencies – The customer service plan will focus on areas that directly affect customer satisfaction hence resources are utilized more efficiently.
- Higher morale and satisfaction – If everyone is working towards the same vision, then customers are satisfied and this leads to a successful organization. Similarly, the morale of the staff is higher.
- Survival – Effective customer service is a “survival tool” for staying in business. With globalization comes increased competition and this results in plenty of businesses wanting an opportunity to satisfy customers.
- Increased profits – Research indicates that it costs much more to gain a new customer than to retain an existing one. With a slight increase in customer retention, a company can increase profitability.

#### 2.6.2.1 Some critical Steps in Developing A Customer Service Plan:

- **Assessing your customer service quotient** - In order for a company to introduce a customer service plan, they need to embark on a self-assessment to ascertain where they are starting from. Internal conditions that should be assessed include culture, customer alignment, error / complaint reduction, using customer information, competent and empowered staff, product, process and service improvement.
- **Understanding customers' requirements**
- **Creating customer vision and service policies** – vision can be referred to a desirable future state of the organization that is connected to the customer and is better in some important way than the current state.
  - It is a source of inspiration that rallies the organization around a single unifying purpose, which is the customer.
  - It guides decision making and aligns an organization so that all functions work toward a single goal.

Companies must create customer friendly policies that facilitate customer satisfaction. Company policies should not create customer frustration and erect barriers for customers. Further, a company should not have unnecessary policies.

- **Deal effectively with your customers** – After companies create customer friendly policies, they need to sharpen their skills in order for them to deal effectively with their customers. Two important skills are communication and problem solving skills.
- **Educate Your Staff** – Staff need to be educated on how to carry out the customer service focus. The education process involves ongoing communication to staff as well as staff training.

### **2.6.3 Standards For Customer Service**

Kristin Anderson defines service standards as “the rules you write for getting work done.” Standards are a tool for designing and delivering a service experience. Research suggests that all organizations operates with 3 categories of service standards – transactional, outcome and status.

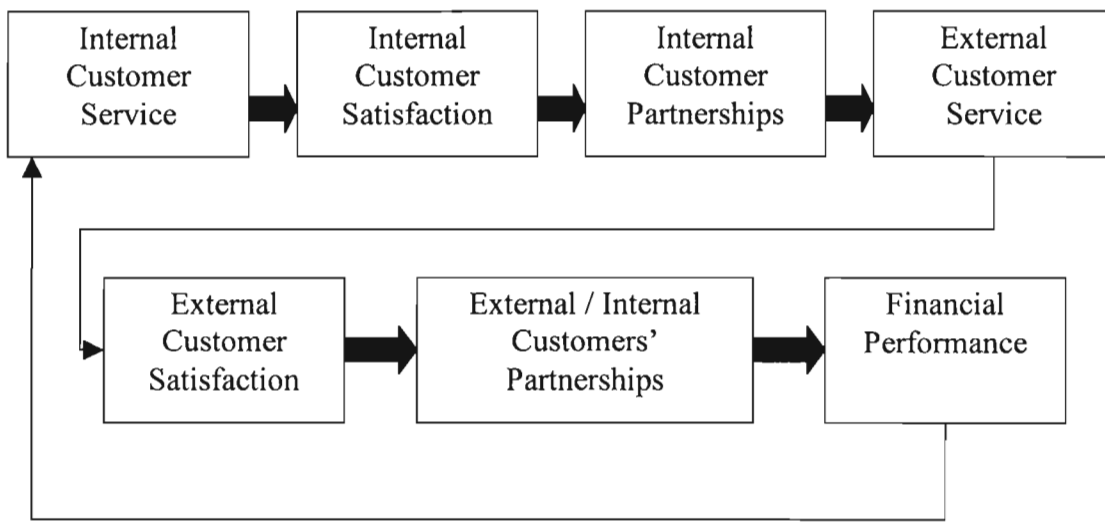
- Transactional standards – These refer to human-to-human dimensions of customer contact. It refers to the “warm and fuzzy” part of customer service or being nice to the customer.
- Outcome standards – These refer to the completed service e.g. “was the guest satisfactorily checked into the hotel?”
- Status standards – These standards refer to those standards that affect the customer’s experience but do not involve a personal exchange e.g. clothing will be neatly displayed on shelves or racks at all times.

### **2.6.4 Working Together Internally to Achieve External Customer Service**

Internal customers are now being spoken about commonly in business. For an organization to be successful, service must play an important role both inside as well as outside the organization. Rosenberger (1998) introduces the metaphor of the “Trapeze Buddy” conveying the idea of teamwork, communication, precision timing, and the “extra effort” mentality. Further, the concept also conveys the aspect of “mutual reliability”, since on person counts on the other to be able to complete a task. The Trapeze buddy / circus model is pertinent to the daily business operation. Whilst in the circus, the spectator is thrilled and satisfied when the Trapeze Buddies perform their acts, similarly in the business environment, the customer is delighted / satisfied when staff provide an efficient service or a quality product. This positive end result can only be achieved through internal customer service.

In today's business context leaders must focus on internal customer partnerships, building a spirit of teamwork within and among various divisions. Staff must assist each other achieve objectives. This partnership moves through the customer service cycle process, such that the internal partner who interacts with the external customer can satisfy his / her needs.

**Figure 2.9 - A Process Model of a Customer Driven Organization**



(Source: Zemke, R. & Woods, J.A. (1999) Best Practices in Customer Service)

#### 2.6.4.1 Strategic Payoff of Internal Customer Service

A successful turnaround in internal service performance can result in huge organizational payoffs (Hays, 1996):

- **Increased internal service productivity** – Instead of people dealing with conflict, they now use this time for enhancing service.
- **Elevation of overall quality ceilings** – Internal service places new and positive quality pressures on the organization.

- **New sources of competitive advantage developed** – Powerful internal service can become a source of prime competitive advantage for a company

### **2.6.5 Ten Practices of Exceptional Service**

Do you know the 10 practices that make the best service providers exceptional? Sanborn (1998) conducted research with the best service providers and he found that they all had 10 practices in common:

1. **Eliminate Irritants** – For example, a customer irritant is when a customer books into a hotel but has to still pay for a local call or a 800-number call. Unnecessary surcharges serve as customer irritants.
2. **Perform As Promised**
3. **Manage the Customer's Experience** – For example a waitron might manage a customer's dining experience such that it became an enjoyable, personal and memorable one.
4. **Make Customers Insiders-** Customers should not feel "left out" rather they need to be informed of what is going on within the company.
5. **Create Ownership** – Employees must have a sense of ownership. Tangible incentives must be linked to performance and maybe even a part of their compensation could be linked directly to performance.
6. **Have Fun**
7. **Recover Remarkably** – Even the best service providers aren't perfect, but when they make a mistake, they are able to recover / rectify the error quickly.
8. **Involve Everyone in Improvement** – A key success factor is to involve everyone (employees and customers) in generating ideas for improvement. Companies must take advantage of "cumulative expertise."

9. **Make Teamwork Work** – There must be communication, cooperation and a desire to work towards a common goal i.e. satisfy the external customer
10. **Do Everything Better** – To be a success, you need to do whatever you do better than anyone else who does. Everyone in the organization needs to be involved in thinking of how they could do things better, faster or different.

## **2.7 THEORETICAL MODEL USED TO EVALUATE THIS CASE STUDY**

Strategy evaluation forms an essential step in the process of guiding an organization. According to Mintzberg and Quinn (1999), strategy can be described as a set of objectives, policies, and plans that, when taken together define the scope of the enterprise and its approach to survival and success in a complex competitive environment. Companies may spend a lot of time and resources in developing these plans and policies, however, it is impossible to guarantee that the strategy will work. Thus, companies do not create strategies just to look good, however, the strategy is only successful if it addresses the circumstances in which the organization operates.

### **2.7.1 Evaluation Criteria**

There are three widely used evaluation criteria for assessing strategy (Pearce and Robinson, 2000)

- **Suitability** – This is a broad assessment of whether the strategy addresses the circumstances in which the organization is operating e.g. extent to which a new strategy fits with the future trends and changes in the environment or how it exploits core competencies.

- Acceptability – This is concerned about expected performance outcomes if the strategy were to be implemented and the extent to which these would be in line with stakeholders' expectations.
- Feasibility – Here we are concerned with whether the strategy could be made to work in practice. Feasibility evaluates the practicality of resourcing.

For the purpose of this study, the criteria used to evaluate Quest's service quality strategy is that of "suitability".

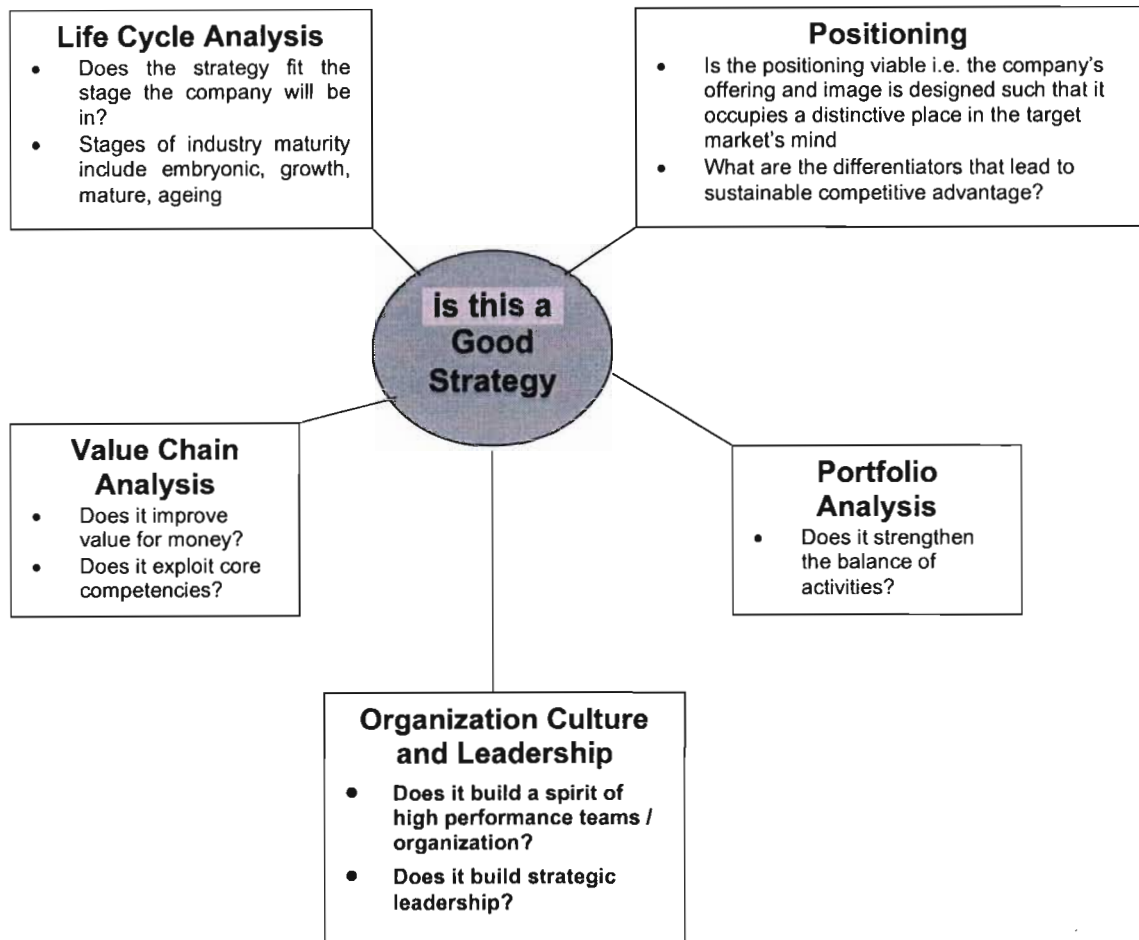
### **2.7.2 Assessing Suitability**

The assessment of suitability of a strategy is concerned with the following:

- This assessment asks the question "why is this strategy a good idea?"
- The extent to which the strategy exploits the opportunities in the environment and avoids the threats
- The extent to which the strategy capitalizes on the organization's strengths and core competences and avoids or remedies the weaknesses
- The extent to which the strategy addresses the cultural and political context of the organization



**Figure 2.10 - Assessing Suitability of Strategy**



(Adapted from Pearce, J.A. & Robinson, R.B. (2000) Strategic Management, pg 356)

#### 2.7.2.1 Life Cycle Analysis

- Is the strategy appropriate to the given stage of the product life cycle of the organization?
- There are four stages of industry maturity i.e. embryonic, growth, mature and ageing.

#### 2.7.2.2 Positioning

- Positioning is the key test of suitability
- Positioning is the act of designing the company's offering and image to occupy a distinctive place in the target market's mind (Kotler, 2000)
- For example, uniqueness of the competencies which underpin the value added features of a product or service, will determine the suitability of a positioning of differentiation.
- Positioning assesses the relationship between product / market strategy and the strategic capability of the organization (resources and competencies)

#### 2.7.2.3 Value Chain Analysis

- Value chain analysis relates the activities within and around the organization to that of the competitive strength of the organization
- Michael Porter (2000) describes the value chain as a tool for identifying ways to create greater customer value
- Thus the suitability of the strategy development may be tested against the extent to which it improves value for money and the competitive position of the organization

#### 2.7.2.4 Portfolio Analysis

- Portfolio Analysis analyses the balance of the organization's activities
- This analysis asks "will the strategy move the organization to a more dominant market position?"

#### 2.7.2.5 Organization Culture and Leadership

- Does the strategy create a culture where each employee brings out their best?

- Do people clearly understand the true strategic intent of the company in terms of quality?
- Does the strategy foster a customer centric environment which fosters employee participation?
- Does the strategy inculcate in leadership a passion about what the future image of the company should be? Further, the leader must create a vision such that people throughout the organization become equally passionate.

## **2.8 SUMMARY**

This chapter reviews literature on quality customer service strategy. Broad areas covered include business strategy, Total Quality Management, quality service, benchmarking customer service, best practice in customer service and strategy evaluation criteria.

- Thompson and Strickland (1999) points out that a company's strategy is the "game plan" that management should have for positioning the company in its chosen market arena, competing successfully, pleasing customers as well as achieving good business performance.
- Businesses can achieve sustainable competitive advantage over rivals through employing winning business strategies and delivering superior customer service is one source of competitive advantage.
- Customers should form a central part of any business strategy since the customer is the reason for the company's existence. The customer driven strategy builds customer satisfaction and loyalty.
- A strategy is only successful if it is implemented effectively. Implementation is action oriented and involves building competencies, creating a supportive culture, developing and rewarding staff and creating supportive policies and procedures.
- Strong, professional leadership and management at all levels is also a source of competitive advantage that will assist organizations succeed. Traditional management roles are transforming to include roles such as visionary, coach, mentor, facilitator and strategist.

- Total quality management is a management approach or philosophy adopted by an organization which is centered on quality and dedication to the customer. TQM also embraces employee participation since they are more empowered when they become more involved in their jobs and take responsibility for quality.
- Service quality is not only evaluated on the outcome of the service, however, the customer also considers the process in which the service is delivered. The basis for service quality is competent, motivated and committed staff.
- Progressive companies improve their competitive position by using best practice benchmarking which involves learning from other organizations how to improve your business.
- Internal customer service results in huge strategic organizational payoff. People must work together internally to achieve external customer service.
- Strategy evaluation forms an essential step in the process of guiding an organization and three widely used criteria include suitability, acceptability and feasibility.
- For the purpose of this study, the criterion used to evaluate Quest's strategy is that of "suitability" which covers life cycle analysis, value chain analysis, organizational culture and leadership, portfolio analysis and positioning.

## **CHAPTER THREE:**

### **CASE STUDY: QUEST FLEXIBLE STAFFING SOLUTIONS**

#### **3.1 INTRODUCTION**

Quest Flexible Staffing Solutions is committed to the development and maintenance of a superior customer service attitude among its permanent and flexstaff. As a result, a policy document has been formulated with the following key outcomes in mind.

- To enhance the overall operational effectiveness of all processes and procedures which deliver superior customer service. This is achieved through a Best Practice approach which encompasses a comprehensive quality assurance system to ensure that processes are continuously monitored, measured and adapted to meet the changing needs of clients.
- To nurture superior relationships with our customers in line with the company's vision and mission of being the preferred Workforce management partner to our selected client target market.
- To foster an environment for both permanent and flexstaff that encourages individuality and ownership at all levels of the organization, together with continuous learning and development in line with the skills Development Act.

#### **3.2 COMPANY HISTORY**

Quest was established in 1975 as a Personnel Recruitment Agency and was acquired by Adcorp Holdings Ltd in 1996. Quest has subsequently successfully repositioned itself as a leader in offering its significant and reputable client base differentiated Flexible Workforce Management solutions. Irrespective of Quest's leading status in the South African flexible staffing

industry, Quest prides itself on its ability to innovate and differentiate on a sustainable basis.

Quest, a wholly owned subsidiary of Adcorp Holdings has access to (and will draw upon where appropriate) the full resource base and service offering of Adcorp. Adcorp Holdings Limited is an investment holding company listed in the industrial – Education and Staffing sector of the JSE. It has some 34 subsidiary and associate companies. Group companies partner clients in providing specialist services in human resource solutions as well as strategic corporate communications and business intelligence. Service offerings include:

- Temporary recruitment services
- Permanent recruitment services
- Recruitment advertising
- Response handling
- Training and development
- Corporate Communication and Business Intelligence
- Graphic design
- Market research
- Staff outsourcing

Adcorp's consistently top-class performance is built on intellectual capital made up of skills, products and services which together constitute a professional services powerhouse unrivalled in South Africa. The group's qualities and strategies are summarized in their mission statement:

"To be the most valued partner in strategic business solutions in our chosen field of expertise to enable us to create superior value for our clients, an exceptional environment for our employees and superior wealth for our shareholders."

### 3.3 COMPANY PROFILE

Quest, traditionally a recruitment agency, has transformed and reengineered its business and has become the preferred workforce management partner to its selected client base. Quest's company profile represents the essence of the company and demonstrates that by searching beyond the obvious. Quest is redefining traditional recruitment industry boundaries. Quest's intention is to differentiate by offering flexible workforce management solutions which are optimized through technology and this is sustained by the competence of their flexible as well as permanent employees.

#### 3.3.1 QFSS Vision

We are a world-class, client-focused provider, of innovative and specialized flexible staffing solutions.

#### 3.3.2 QFSS Mission

We offer customized flexible staffing solutions within our focused areas of specialization and implement them through consistent standards of excellence.

We employ the best staff, service the best clients and attract the best flexstaff. We create rewarding careers and deliver outstanding financial results.

#### 3.3.3 Core Values

- **Integrity:** A consistency of beliefs and actions that encompass honest, sound ethics and security
- **Excellence:** A quest to be the best in all that we do
- **Self- Actualization Through Development:** Individualized development plans for all our team members that will lead to career satisfaction and inner contentment
- **Fairness:** Being open and equitable in all our relationships and actions

- **Trust:** Having the confidence in people that they will act in the best interest of the company, whilst believing in their natural ability to achieve their goals and optimize their potential
- **Equal Opportunity:** Treating all people equal and focus on their skills and potential and not their race, gender, religion, age, physical ability, sexual orientation or family responsibility  
We are also committed to cultural diversity within our company and policies that will achieve this change in a positive way
- **Win-Win:** Seeking communication and results that benefit all parties in a constructive and meaningful way
- **Superior Customer Service:** We constantly seek better ways to exceed our client's expectations through holistic and flexible workforce management solutions.

### **3.3.4 QFSS Philosophy**

As a client-centric organization, Quest offers holistic flexible Staffing management solutions through consultative interventions.

The success of our business totally depends on the quality, knowledge and commitment of our employees.

We foster an entrepreneurial environment within which every employee can express his or her individuality and within which a strong sense of ownership exists.

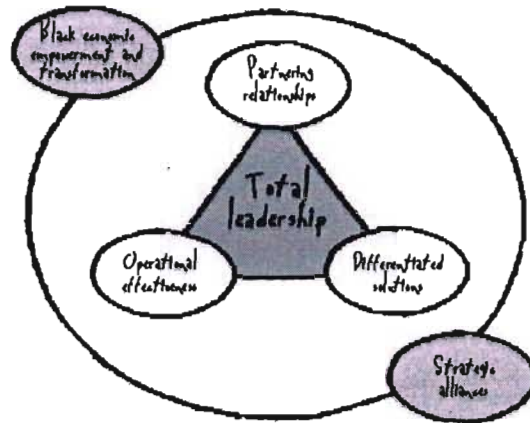
For our shareholders we ensure that every initiative and action contribute towards ensuring sustainable profitability and growth.



### 3.3.5 Strategic Framework

*Our drive towards total leadership is built on five strategic pillars*

**Figure 3.1 – Quest's Strategic Framework**



#### **Partnering relationship**

- ❖ Clients – long term, mutually beneficial strategic partnerships
- ❖ Candidates – unique loyalty programme supporting our employer of choice strategy
- ❖ Colleagues – empowered, motivated, trained

#### **Operational effectiveness**

Operational, financial and information technology systems of world-class standard, seamlessly integrated to deliver the results we promise

#### **Differentiated solutions**

Holistic solutions customized through consultative processes

#### **Strategic alliances**

- ❖ Complement our core competencies and support sustainable differentiation

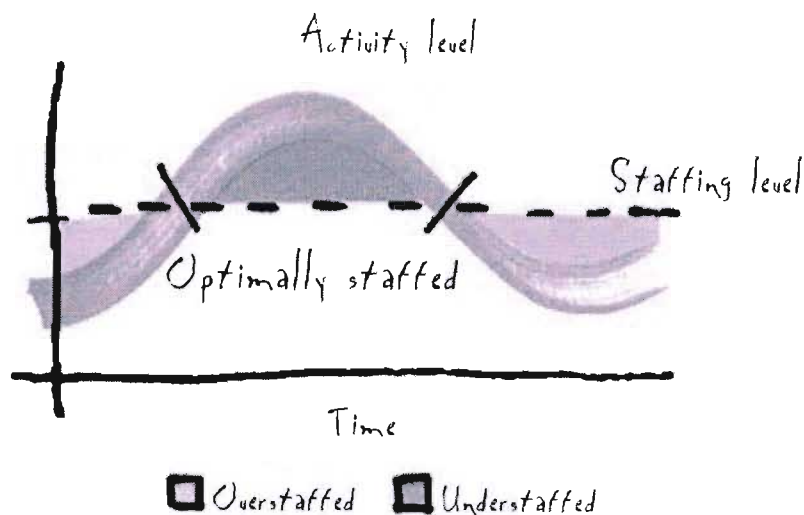
## Black Economic Empowerment and Transformation

- ❖ Framework built around employment equity, social investment, affirmative procurement, capacity building and skills transfer
- ❖ Acknowledged by the Black Management Forum – one of South Africa's most transformed companies – 2000

### 3.3.6 Flexible Staffing – Underlying Value Proposition

Quest's Underlying Value Proposition is to offer clients a Flexible Workforce Management Solution, which ensures that staff capacity matches business activity levels. See diagram below for graphical demonstration.

Figure 3.2 – Quest's Value Proposition



All interventions are in essence geared towards ensuring that the Quest "workforce" consistently out-performs that of a typical "workforce" in the market place. The diagram demonstrates for illustrative purposes that the average level of performance of a "Quest Employee" (QM) is towards the right

(in a normal distribution curve) of the average level of performance of a typical employee (TM) in the market place.

Quest has adopted four key strategies to ensure higher levels of performance (QM versus TM) from the Quest Workforce, namely:

#### ❖ **Differentiation in Recruitment and Selection**

Research indicates that effective recruitment practices and the correct hiring decisions result in enhanced performance – as much as up to thirty percent better performance. Current Quest practices ensure measurement of actual performance in the workplace, and then linked that to certain diagnostic processes used in the recruitment and selection process. Such a link therefore facilitates better hiring decisions, which will ultimately result in enhanced business outputs for THE CLIENT.

#### ❖ **Differentiation in Learning and Development**

Quest's past experiences are demonstrating that effective learning interventions contribute directly and significantly towards enhanced business performance as defined by the client. Learning and development also contribute towards enhance staff retention which has a multiple of positive commercial spin-offs. The Quest solution further ensures that ensuring that the learning aspirations of the learners are met, and that the business outputs of THE CLIENT are enhanced optimally leverages the benefits offered via the Skills Development Act.

Better learning and development practices will therefore result in moving the average (mean) performance from (a) to (b) in the diagram above.

## ❖ Staff Retention

In the South African context, which is currently characterized not only by high levels of unemployment, but more importantly significant shortages of skilled and experienced employees, staff retention is becoming a progressively more important business imperative.

Staff retention has become a key differentiator of Quest in the flexible workforce environment. Quest clients therefore currently experienced the full testimony that better retention has a positive impact on the following:

- Enhanced Business Outputs
- Improved Brand Reputation
- Reduced “Repetitive Training Spend”
- Reduced IR Risks and Costs
- Reduced Cost of Recruitment
- Lower Administrative Burden

Key strategies adopted by Quest to facilitate better staff retention and loyalty include:

- A unique loyalty program for all Quest Flexstaff, called “On Q”
- Various wellbeing and diversity management interventions (i.e. partnering with companies like Absolute)
- Regular learning and development interventions

Better staff retention will therefore result in moving the average (mean) performance from (b) to (c) in diagram 2 above.

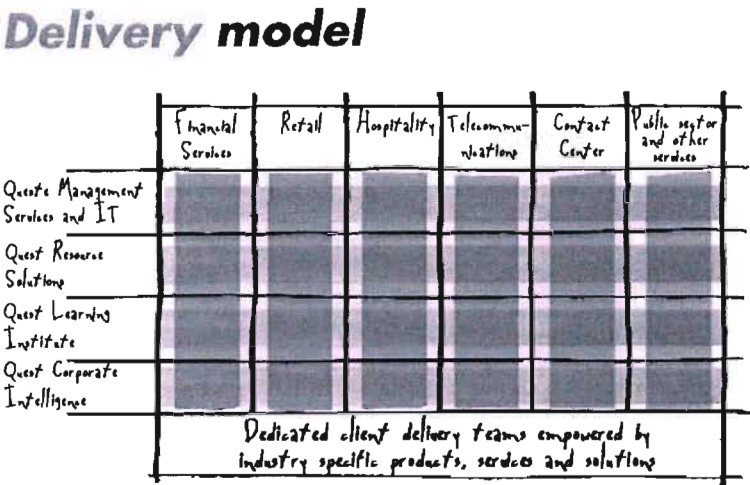
## ❖ Management and Productivity Improvement

The fourth strategy adopted to ensure that the Quest workforce outperforms that of a typical workforce is to implement short internal

controls and to realize continued and sustainable productivity. Key interventions to facilitate this, include:

- Implementing a Management Control System, which focuses mainly on effective forecasting, planning, controlling and reporting.
- On-site representation to ensure successful implementation and execution.
- An experienced and properly capacitated Project Delivery Team.

Figure 3.3 – Quest’s Delivery Model



Quest covers the spectrum of staffing requirements, from permanent and temporary staff, to working interviews (working auditions), long-term contractual staff members managed and paid by Quest and fully outsourced services with output-based service level agreements.

Our systems also ensure that we can report on pre-arranged performance indicators as well as employment equity and skills development interventions.

## What you can expect from a Quest relationship?

<i><b>Driven by solutions</b></i>	<i><b>Inherent value</b></i>
Higher service levels	Complementary practice partners
Greater flexibility	Globally-exposed leadership and staff
Increased profitability	National representation
Faster transformation	Passion for excellence and desire for innovation
Freed up management time to focus on core business	Legal defensibility and manager of risk
Effective reporting	

## Our systems

### Sophisticated processes

Quest uses leading, global technology. These systems seamlessly integrate candidate management, payroll administration, financial accounting and credit control, management information reporting as well as reporting on statutory requirements relating to employment equity and skills development.

Our systems and delivery model facilitate best practice recruitment, assessment, selection, performance management, development, litigation support and HR strategy.

## 3.4 OVERVIEW OF A QFSS CUSTOMER

**Internal:** Staff within the region or nationally

**External:** New, existing and potential clients (these clients refer to companies requiring Quest's services)  
Flexstaff currently employed by QFSS and are situated at our client sites  
New candidates seeking employment

### **3.4.1 Definition of Customer Care at QFSS**

Identifying the unique needs of each client and being passionate about meeting those needs on a consistent basis to sustain a healthy, mutually beneficial business partnership.

## **3.5 OVERVIEW OF QFSS'S CUSTOMER SERVICE POLICY**

Quest's Customer Service Policy focuses on 3 main categories:

### **3.5.1 Quest's Internal Customer Service Policy**

**This incorporates the following:**

- People acquisition, utilization, retention and development
- Internal Customer Service Development Plan to ensure personnel who create memorable experiences for our clients are encouraged to repeat such behaviour.
- The customer service strategy which sets standards for all personnel and drives processes to assess, monitor and provide feedback to maintain only the highest level of customer service.
- The Quest Learning strategy for permanent staff delivered through the Quest Learning Institute (QLI)

### **3.5.2 Quest's External Customer Service Policy : Flexstaff**

**This incorporates the following:**

- The implementation of a best practice recruitment methodology in order to ensure that flexstaff are placed on assignments which match their level of skill / competencies, in order to achieve outputs for our clients as well as job satisfaction for our flexstaff.



- The implementation of a unique reward programme called the “On Q” programme which rewards flexstaff for loyalty (if the employee remains on Quest’s database for a long period of time) and performance. This programme aims at making Quest the employer of choice for our flexstaff.
- The highest level of operational effectiveness in our technology, processes and systems to deliver a superior service to our flexstaff.
- A learning strategy aimed at elevating the skill levels of our flexstaff, with learnerships forming a critical component thereof.
- Career pathing for flexstaff, ensuring continual development and growth of these individuals to achieve their full potential.

### **3.5.3 Quest’s External Customer Service Policy: Clients**

This incorporates the following:

- Establishment of long-term, mutually beneficial strategic partnerships with targeted clients
- Development of holistic, client-centric solutions through a process of consultation and intensive research to increase value to the customer and decrease staffing costs
- Maintenance and continuous improvement on customized operational, financial and information technology systems of world-class standards.
- Partnering with clients in showing dedication and commitment to the national skills development strategy through implementing learnerships with new or existing staff
- Service Approach and Customer Service standards

### **3.5.4 Customer Service Policy Reflects Brand Image of Quest**

As outlined above, Quest identifies three markets – the client, the candidate and internal staff. Even although each market requires different marketing strategies, there is a desperate need across all three categories to position the Quest brand i.e. flexible staffing as the leading brand in its industry.



**Client** – Although Quest has a long history in the staffing industry and is a recognized brand, the perception among many is still that Quest specializes in temporary and permanent staffing. The company's core focus has since transformed into offering strategic business solutions incorporating flexible staffing. Quest's current strategy is to build their brand through aggressive public relations campaigns. The aggressive public relations campaign extends into value added informative client events such as networking breakfasts, workshops, sponsorships etc. Any advertising put out by Quest is linked to editorial, advertorial or sponsorship and key client relationships. Quest is a leader in its industry and all marketing initiatives need to hold true to the innovative, focused philosophy of Quest.

**Candidate** – Quest believes strongly that the impact they have at candidate level has a ripple effect on business; what they do at this level feeds the image of Quest resulting in further value creation. Quest's newly launched website is centralized around flexible staffing and stands out as a leading career site in South Africa. Quest's unique loyalty programme for its flexstaff, "On Q" builds the Quest brand and is seen as a key differentiator.

**Internal staff** – Quest recognizes the need to instill in all staff a passion and pride for the brand but first there needs to be a deep understanding of the brand. In order for the business to have an impact, the Quest brand must have full internal support. Internal staff development and motivation is critical to the success of the customer service policy since every encounter the client or the candidate has with a Quest staff member impacts on the brand image of Quest.

## **3.6 QFSS INTERNAL CUSTOMER SERVICE POLICY**

Quest's internal customer service policy is built on the following key pillars:

### **3.6.1 Acquisition of Customer Centric Personnel for Quest**

Quest is committed to the implementation of a best –of- breed recruitment process which is aimed at recruiting staff who best fits the customer centric profile requirements for the business. This process consists of the following steps:

- **Job Profiling:** Quest has invested in scientific psychometric /
- Assessment tools which are used to match candidate's skills to the job profile requirements
- **Behaviour Based Interview and reference checks:** A detailed interview is conducted where specific questions are selected to identify and probe customer service competencies, as well as other competencies essential for the role. Detailed reference checks are conducted where customer service competencies are again identified in great detail with a previous employer.
- **Orientation of the new employee:** Quest has introduced a corporate induction strategy.

### **3.6.2 Quest's Employee Retention Strategy**

Retention of Quest Staff incorporates the following:

#### **3.6.2.1 Fostering an environment of Continual learning**

- The Quest Learning Institute (QLI) was established with the aim of creating a learning framework which will provide employees with the relevant skills set and competencies required to do the job.

- QLI coordinates a comprehensive induction programme for newly recruited staff which provides a holistic understanding of the business.
- A formal Labour Recruitment qualification recognized on the National Qualifications Framework (NQF) is also offered to staff by QLI. This qualification incorporates a Customer Service module.
- All staff have individual development plans which structures their learning on an annual basis.
- Quest has a dedicated coach to identify individual gaps and then coach the individual to build level of knowledge and expertise, thereby enhancing performance.
- All learning is assessed according to the requirements of the Skills Development Act.
- Learnerships have been granted to Quest by the Services SETA. Selected Quest staff are registered on Labour Recruitment learnerships. The learnership allow staff to gain a nationally recognized qualification whilst gaining formal work experience.

#### 3.6.2.2 Performance Management for Service Excellence

The purpose of the Quest Performance Management Process is:

- To cultivate a superior performance value in Quest
- To get staff to deliver what they have contracted to do
- To maximize leader, employee and team contributions towards achieving Quest's goals
- To instill a culture of continuous improvement and organizational synergy
- To facilitate individual development

Summary of Process:

- Manager and employee discusses and clarifies expectations of the job by going through the role clarity
- Specific, measurable and attainable performance objectives are set
- Performance development plans assesses actual versus targeted performance

- Coaching for improved performance after gaps have been identified during performance assessments

### 3.6.2.3 Rewarding and Recognizing superior customer service

Quest's belief is that the key to setting people up for customer service success, is to make very clear, what the customer service standards are. Systems then track actual versus desired performance, feedback is given to staff and positive customer service behaviour is then rewarded.

Quest's Reward and Recognition approach incorporates the following:

#### **Buzz and Bomb Award**

- This award focuses on increasing awareness around customer service and also gives recognition to staff who excel in this area. A buzz is awarded for positive customer service behaviour whilst a bomb is awarded for unfavourable customer service actions.

#### **Service Excellence Award**

- This is a competition where clients and flex staff assess employees' customer service skills. This competition is run bi-annually and winners get various prizes ranging from gold badges to travel incentives.

#### **Profit Share**

- Quest offers all staff small profit share on the division in which they are employed. This fosters an entrepreneurial spirit and rewards the team for meeting their customer's needs.

#### **Learning incentives for management team**

- The senior management team are incentivised on an annual basis and on every alternate year, the prize is to attend an international convention

### **3.6.3 Quest's Internal Customer Service Beliefs**

Quest's internal customer service policy is underpinned by the following beliefs:

1. **Confidence** - Quest staff must convey a certain degree of self-confidence as a foundation for any successful encounter. Where does confidence come from?
2. **Competence** - Possessing the required skills and required knowledge to do your job well
3. **Caring** - Showing you are listening and interested is the main indication that you genuinely care
4. **Consideration** - Radiates a believable concern which makes the customer feel comfortable
5. **Communication** - Be open and honest. Keep people informed. Be tuned into non-verbal signals to ensure you are receiving the real message.
6. **Courteous** - Be polite, helpful and professional
7. **Creative** - Seek innovative solutions to the challenges you face
8. **Commitment** - Do what you say you are going to do
9. **Credibility** - Develops trustworthiness, have the customer's best interests at heart and act on it
10. **Confidentiality** - Respect information given to you in confidence

### **3.7 OVERVIEW OF QFSS'S EXTERNAL CUSTOMER SERVICE POLICY - FLEXSTAFF**

Quest flexstaff refer to staff who are recruited through Quest Resource and assessment centres. These candidates are then placed at Quest client sites where they fulfill their function on a temporary / flexible basis, with Quest being the legal employer.

Quest realizes that their people are the cornerstone of their business, and the quality of flexstaff contracted to clients is a critical success factor for the business. Thus, Quest's aim is to build strong relationships with their flexstaff and treat them with dignity and respect. This results in a satisfied flex staffer who will in turn delight Quest's clients and meet their expectations.

Quest's external customer service policy targeted at flexstaff is built on the following pillars:

#### **3.7.1 Implementation of a Best Practice Recruitment Methodology**

Flexstaff are sourced and recruited through Quest's Resource and assessment centres according to a pre determined recruitment process which has been agreed upon by the client. The objective is to ensure the best motivational and competency fit for the job so that the flexstaff are fulfilled and they experience job satisfaction.

##### **Stage 1: Profiling**

Prior to the recruitment drive, Quest will elicit the profile of the job as well as critical competencies from the client. By conducting such an exercise, Quest has a clear definition and understanding of the client's needs. Quest makes use of various assessment / psychometric tools to match the candidate

against the ideal job profile. This increases Quest's success rate since the right person is put forward for the job.

## **Stage 2:      Sourcing**

Quest's aim is to obtain a large database of candidates, thus increasing the success rate of finding suitable flexstaff. Flexstaff are sourced via the following methods:

- Audio text advertising – This is a 24 hour interview line that candidates use to apply for positions. This system allows flexstaff to leave voice CV's.
- Direct advertising – Use of media e.g. daily newspaper, radio etc.
- Database Search – All Quest branches share a national database of candidates called Adapt.

## **Stage 3:      Screening**

Screening is conducted to ascertain whether the flex staffer has the minimum competency requirement to perform the job e.g. communication skills, customer orientation etc. Further, candidates are screened telephonically via a competency based telephonic interview. This ensures a fair recruitment process since interview questions are structures around the candidate's competency.

## **Stage 4:      Assessment**

Candidates who have passed the initial screening are then assessed on their level of competency of hard and soft skills. Flexstaff undergo a variety of assessments depending on the requirements of the job. These include computer package assessments, CompAssess (specialized call centre testing package), SHL – Decision maker (Psychometric profiling tool), mental alertness tests, general knowledge, arithmetic / numeric as well as spelling tests. Role plays can also be used to assess staff competencies, should this be a client requirement. The last step of the assessment stage is the second

interview process which is extremely thorough, further assessing competencies through exploring previous work experience as well as determining “motivational fit” of the candidate to the prospective work environment.

#### **Stage 5: Match the Person to the Job**

At this final stage, Quest will have a clear indication of each candidate's fit to the job profile. Candidates who best match the profile are forwarded to the client.

### **3.7.2 Flex staff Retention Strategy**

The aim of Quest is not only to attract the best flexstaff, but also to motivate and retain them. The company's objective is to position itself as the “employer of choice”. Quest has introduced a loyalty / performance based incentive programme for flexstaff. There are 2 sides to this unique on “Q” programme:

- The programme promotes loyalty – Quest wants to ensure that flexstaff continue to work for Quest for as long as possible.
- The programme manages performance – Staff who perform well are rewarded and this inspires them to deliver their best.

With music as the central theme to the programme, it drives some thousands of Quest flexstaff on both a rational and emotional level. The programme reflects empowerment, passion and pride and is a call to action! To enhance the theme, Quest has written and recorded a motivational on “Q” song entitled: “Your time is now!” The song was handed to all Quest flexstaff on CD which also carried a fresh, hip and professional music video of the song.



## **Why Music?**

All people, irrespective of age, background or culture, relate to music. Music is a great icebreaker and can unite people. By relating the programme to music, the link to performance as a prerequisite for success is easy and natural. Quest's target market, most of whom are youth and moving to the rhythm of their young lives, regards music as an integral part of who they are and what they stand for.

## **Rewarding Loyalty**

On "Q" rewards loyalty through giving flexstaff discounted retail vouchers from chosen retail partners like Cell C, Shoprite, and Musica.

## **Reward Performance**

On a monthly basis, flexstaff performance is evaluated by the client and Quest. A performance score is then calculated and the programme links a financial incentive equated to the percentage awarded to the flexstaff's performance. Prizes are also awarded to top performers at spectacular quarterly gala events and at a year end programme event.

## **The Launch**

To launch this exciting programme, Quest hosted music concerts simultaneously in Durban, Cape Town and Johannesburg. The concerts included live performances from well known South African artists such as Mandoza, Danny K and 101, with Television personality Sammi Sabitti as the master of ceremonies. Each venue had VIP rooms for clients and a fantastic, party vibe atmosphere was created. This event was the first of its kind within the industry and the Quest brand once again received great exposure.

## **On Q Communication**

Over and above the on “Q” CD, brochure and promotional gift, Quest flexstaff receive a quarterly on “Q” newsletter, regular sms and an interactive website promoting the programme. Quest also set up branded kiosks at the various branches throughout the country to facilitate the sale of discounted retail vouchers.

### **3.7.3 Learning Strategy**

The Quest Learning Institute (QLI), a division of the Quest Personnel Group was formerly launched in January 2002 in order to meet a primary objective – enabling Quest to incorporate learning into their strategic solutions offered to clients. Quest established QLI to facilitate high quality, learner driven, results focused learning programmes to all permanent and flexible staff across all divisions. The QLI team based across all branches in South Africa are qualified learning practitioners and registered assessors. Quest is committed to the development of their flexible staff, who they place at various client sites countrywide. To demonstrate this commitment, QLI was developed to develop and implement a learning strategy for the flexstaff with the following objectives in mind:

- All learning is aligned to the National Qualifications Framework (NQF), which will allow staff to earn credits towards National Qualifications and standards.
- Client business outputs will be determined and the learning will be aligned in order to ensure achievement of those outputs. Learning will therefore add real value to Quest’s clients’ business.
- Staff retention is key, and through the provision of high quality, learner driven, accredited learning programmes, Quest will be able to reduce attrition rates.

The Quest Learning Institute comprises of the following:

- A General Manager
- A Quality Assurance and Development Executive
- 3 Learning practitioners responsible for learning of Quest permanent staff
- 3 Learning practitioners responsible for learning of Quest flexible staff
- Team of 25 regional facilitators
- Regional coaches
- A learning administrator

Quest is not only a member of the Services SETA but it has also developed a strong relationship with this body. Through this relationship, Quest has been able to leverage opportunities available through the SETA and pass these opportunities and benefits to its clients. Quest has made various achievements through the Services SETA and these include the following:

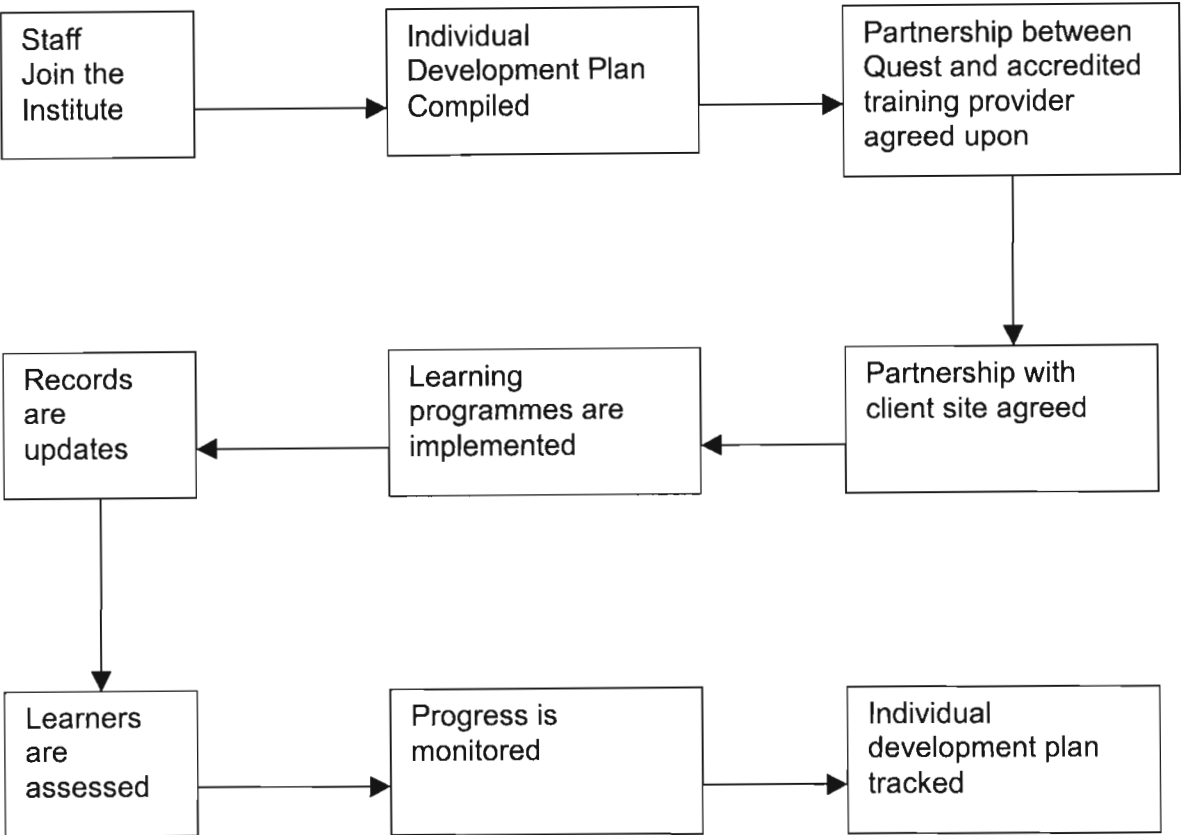
- Quest has been accredited by the Services SETA as a learning provider and hence will be able to offer formal, recognized qualifications to staff
- Quest has been granted 450 learnerships for call centre staff by the SETA and they are in the process of applying for additional learnerships for other job categories across different industry sectors
- Quest has been afforded the opportunity by the Services SETA to be a pilot site for the recently released customer service standard and has hence developed a best practice quality customer services strategy

#### 3.7.3.1 Registration and Learning for Quest Flexible Staff

In order to assist flexible staff to access learning programmes, and to ensure that Quest meets the targets they set in their Workplace Skills Plan (WSP), Quest has established a process to facilitate the learning for their flexible staff. Quest prepares, submits and implements Workplace Skills Plans (WSP) to the Services SETA every year and this plan comprises skills / learning plans for different divisions of Quest i.e. banking, retail, hospitality etc. So flexible staff

across these divisions will participate in learnerships / accredited learning programmes and these will be monitored through QLI, the Services SETA and client sites at which the flexible staff are based.

**Figure 3.4 - The Learning Process for Flexible Staff**



**3.7.3.2    Quest Skills Centre**

The Quest Learning Institute has advanced PC Skill Centres established in each region which offers free training to flexstaff. Flexstaff are able to book themselves in for training between assignments in order to brush up on their skills or acquire new skills. Each region has a dedicated PC Skills Trainer to provide personal tuition to flexstaff. The courses offered by the skills centre are as follows:

- MS Word

- MS Windows
- MS PowerPoint
- MS Excel

Flexstaff who successfully complete a course are awarded with certificates.

### **3.7.4 Performance Management**

Core to the success of Quest's business, is the success of Quest's relationship with their flexible staff, and Quest's ability to manage their performance and customer service levels on an ongoing basis. Considering that Quest is not based on the client's site in most cases, it is unable to manage staff as effectively as the client is able to. Thus, the responsibility to manage staff is a joint one between Quest and the client. However, Quest will actively drive this process ensuring consistency and legal defensibility at all times.

The process is as follows:

#### ***1. Inducting the new flex staff member***

Once the flex staffer has been selected for a client, comprehensive induction takes place and this encompasses the following:

- Client rules, regulations, standard operating procedures
- Payroll and contractual obligations
- Job description with clear performance standards
- Training – Product, systems and soft skills training

#### ***2. Monitoring Performance***

Once the flex staffer has commenced an assignment for Quest, his / her performance is closely monitored by a Quest Account Manager. This process involves regular meetings with the flex staffer and the client as well as formal

monthly performance evaluations. Feedback is given to the flex staffer, opportunities for improvement are highlighted and appropriate action is taken.

### **3. *Discipline***

All employees receive a disciplinary code and a grievance procedure. In the event of misconduct or any transgressions of a rule, the case is investigated and disciplinary action is taken where necessary.

### **4. *Assessing New Skills / Knowledge***

At the end of each assignment, Quest conducts a skills audit on the flexstaff to assess what new skills the flex staffer has acquired in order to broaden his / her scope for positions in the market place.

## **3.8 OVERVIEW OF QFSS'S EXTERNAL CUSTOMER SERVICE POLICY - CORPORATE CLIENTS**

Quest has proudly transformed and re-engineered their business in order to meet the dynamic, changing needs of their selected client target market. Quest's strategic framework is built around true partnerships with clients based on world class operational effectiveness and differentiated, customized solutions. The company has also invested in the integration of operational, financial and information technology systems of "world class" standard to deliver outstanding results to clients. Quest, one of the largest employers in South Africa recognizes its responsibility to develop and nurture its flexstaff as well as its very own internal staff in order to achieve true partnerships with clients. Quest acknowledges that as a leader in its field, it is critical that the company strives towards creating a professional, customer-centric profile that is comparable with world class best practice.

### **3.8.1 Quest's External Customer Service Policy Incorporates The Following:**

- The identification and confirmation of the needs of Quest's clients
- Providing a holistic staffing solution
- Development of an output based Service Level Agreement outlining expectations upfront
- This incorporates:
  - Recruitment and selection strategy customized for the client, HR processes customized for the client
  - Training and development, staff retention strategies customized for the client
  - Implementation, monitoring and feedback processes for the client
  - Regular audits conducted to ensure that client needs are being met and continuous improvements are being made (CELP – Customer Expected Levels of Performance Interviews conducted with clients )
- Customer service workshops are held annually with key accounts. Feedback from these workshops are then inculcated into Quest's service offerings to the client
- Customer service excellence surveys distributed to clients annually, requesting their feedback on Quest as a company. Business processes are adapted and other changes instituted based on this feedback.

### **3.8.2 Summary Of Quest's Client Strategy**

Quest's approach with clients is a highly interactive and consultative one where staff are trained to identify the unique needs of each client. This process takes a few weeks or even months where Quest attempts understanding the client's business and identifying areas where Quest could add value. This needs analysis involve various meetings with individuals at all levels of the organization and intense company research. Solutions are then

tailor made to suit the specific needs of the client, ensuring that genuine value for the client is created. There is also close interaction between Quest and the client whilst the solution is being designed so suggestions and ideas from the client are inculcated into Quest's solution offering. Once the logistics are agreed upon, a Professional Service agreement is entered into by both parties and this agreement confirms in writing, the expectations of both parties. The agreement covers implementation, monitoring and reporting on the project to ensure continual quality audits are conducted to assess whether agreed upon outputs are achieved.

### **3.8.3 Quest's Best Practice Recruitment Methodology for Clients**

Quest has developed a best practice recruitment process for clients that guides internal staff when recruiting, ensuring quality during the process and that client needs are met. The recruitment methodology covered earlier under Quest's external customer service policy for flexstaff is also part of the client category.

The policy clearly identifies 2 categories of recruitment i.e. contingency and bulk recruitment. For contingency recruitment, there is a clear process outlining the various steps ranging from eliciting accurate information from the client regarding their recruitment request, to ensuring that the candidate who is matched to the job has the required competencies to fulfill the client's needs. Similarly, for bulk recruitment there is also a clear service approach encompassing various steps.

An example of Quest's operational standards with regards to contingency recruitment for a client is as follows:

- Obtain 100% detail with regards to the job specification
- Call Back: Promise and phone back within 15 minutes



- Reference checks – All flex staffers to be reference checked prior to them being placed on the first assignment for a client
- Credit Check – All flex staffers to be credit cleared if in an accounting position or any other position dealing with cash.
- Testing – Conduct skills assessment prior to sending a candidate on an assignment
- Interviews – Conduct thorough, detailed Behaviour based interviews
- Flexstaff to be briefed thoroughly about position and company prior to commencing duty
- Rates – Quest Account Manager to confirm rates with flex staffer and client
- Follow up – Quest Account Manager to follow up by contacting both the flex staffer as well as the client within the hour of the flex staffer commencing duty, weekly follow up (either telephonic or visit)

### **3.8.4 Quest's Customer Service Standards – Client Communication**

#### **Incoming calls**

- Quest has developed a standard corporate greeting. It is essential for calls to be answered with the corporate greeting and full requirements from the client are established during the call so that the appropriate action and follow up is clarified.

#### **Call Procedure**

- It is recommended best practice that the details of the interaction with the client are captured onto the system during or directly after the conversation. Agreed actions must be confirmed.

#### **Client Correspondence**

- It is recommended best practice that all correspondence to clients be completed using appropriate and standardized Quest documentation at all

times e.g. Quest letterhead for all letters, Quest fax cover sheet, Quest email template, and Quest memo template for internal communication.

### **Ringling Telephones**

- It is the responsibility of all staff to ensure that ringing phones are answered in order to ensure that a high level of customer service is maintained at all times. Switchboard operators and frontline staff have to answer incoming calls no later than three rings.

### **Clients on Hold**

- It is the responsibility of the switchboard operator to ask the client if he / she is happy to hold as the line is busy. Further, the switchboard operator must get back to the client every 30 seconds to advise him / her of progress made / provide an update.

### **E-Mails**

- Employees to respond to client e-mails within 4 hours.

### **Dress Code**

- All Quest employees are to adhere to the standard Quest dress code and this is made available to all staff.

## **3.8.5 Quest Customer Complaint Policy**

As part of the overall customer service strategy, Quest has developed a customer complaint policy aimed at clients and flexstaff. The purpose of this policy is to have an effective process in place to resolve customer complaints timeously and effectively.

Quest's approach to dealing with customer complaints is as follows:

- Complaint must be channeled to the correct Manager the first time around.
- If the employee's immediate manager is unavailable, the complaint must be handed over to a more senior manager on duty.

- The manager handling the complaint must follow the correct process which is posted on the company's intranet.
- In the event that the manager needs to carry out further investigation and contact the client at a later stage, a specific time frame needs to be agreed upon.
- In cases of serious complaints, the manager may be required to meet with the client in order to resolve the issue.
- All complaints are to be resolved within 2 working days.
- Complaints are to be reviewed on a regular basis by Customer Service Executive and Quest's service approach to be evaluated.

### **3.8.6 Quest's External Customer Beliefs**

- The customer is never an interruption to your work
- Greet every customer with a friendly smile
- Call customers by name
- Remember – YOU are the company
- Never argue with a customer
- Never say "I don't know"
- Remember that the customer pays your wages
- State things in a positive way
- Brighten every customer's day
- Go the extra mile

### 3.9 SUMMARY

- This chapter presents the case study of Quest Flexible Staffing Solutions (QFSS) and this comprises of Quest company history, company profile and components of the customer service strategy.
- Quest Flexible Staffing Solutions employs over 8000 flexible staff deployed across many large companies covering a range of economic sectors. QFSS manages flexible workforces for clients where they source, recruit, place, train and manage large teams of people at client sites.
- Quest has transformed and reengineered their business in order to meet the dynamic, changing needs of their selected client target market. Quest's strategic framework is driven towards true partnerships with clients, based on world-class, operational effectiveness and differentiated, customized solutions.
- Quest's overall quality customer service strategy comprises of a comprehensive customer service policy which clarifies the company's service approach and customer standards.
- The strategy targets 3 categories of customers i.e. internal customer (Quest's internal employees) and external customers (Quest flex staff and corporate client companies).
- Key objectives of the customer service policy are:
  - ❖ To enhance the overall operational effectiveness of all processes and procedures which deliver superior customer service. This is achieved through a best practice approach which encompasses a quality management system, ensuring continuous improvement.
  - ❖ To nurture superior relationships with internal and external customers in line with the vision and mission – To be the Employer of choice to staff and the preferred workforce management partner to clients.
  - ❖ To provide an environment for permanent and flex staff which fosters ongoing learning and development, high performance teams and a motivated workforce.

## **CHAPTER FOUR:**

### **EVALUATION OF THE SITUATION**

#### **4.1. INTRODUCTION**

Strategy can neither be formulated nor adjusted to changes without a process of strategy evaluation and this forms a critical step in the process of guiding any organization. Strategy comprises of a set of goals, objectives, policies and plans and these when combined, define the organization's approach to survival and success within a competitive environment. To undertake this task, the process of evaluation needs to be set against criteria that are relevant to the organization.

It is not the intention of this study to evaluate Quest's quality customer service strategy against a plethora of analytical techniques. Rather, the aim is to select one of many evaluation criteria and conduct a broad assessment of whether the strategic option is a good idea and whether the main purposes thereof are to add value and to develop sustainable competitive advantage for the organization.

For general purposes, there is a variety of criteria that could be used in evaluating strategy options. These include consistency, suitability, validity, feasibility, business risk, stakeholder attractiveness etc. In this study, the evaluation criterion used to evaluate Quest's customer service strategy is that of "suitability." The assessment is qualitative in nature and is concerned with testing out the rationale behind the strategy.

According to Pearce and Robinson (2000) suitability is whether a strategy addresses the circumstances in which the organization is operating. The main purpose of this strategic analysis is to establish whether the strategy exploits the opportunities in the environment in which Quest operates, and avoids the

threats, and finally whether it capitalizes on the organization's strengths and core competencies. Lynch (2000) reports that suitability as an evaluative criterion is about how well a strategic option matches the environment and resources and how well does it deliver competitive advantage.

In order to assess whether Quest's strategy is a good idea, an in-depth analysis testing suitability is conducted and this includes an assessment of life cycle analysis, positioning, value chain analysis, portfolio analysis as well as organizational culture and leadership.

## **4.2 LIFE CYCLE ANALYSIS**

The life cycle analysis assesses whether the strategy is likely to be appropriate given the stage of the product life cycle. The well known strategic writer, Professor Michael Porter from the Harvard University Business School has described the industry / product life cycle as a concept for predicting industry evolution. This concept identifies four basic phases that an industry or a market segment within an industry goes through. These phases are introduction, growth, maturity and decline. These different phases pose different challenges, opportunities and problems and hence different strategies are required for each stage of the life cycle.

More specifically, the staffing industry within which Quest operates is in a mature phase in terms of its development. This means that competition has increased within this market and all available customers make use of Quest's services and are more or less satisfied. This results in a growth slow down and the market becomes mature. Even with a decline in growth, there are many more competitors attracted to the flexible staffing industry. Barriers to entry into this industry remain extremely low and hence hyper-competition is experienced. As a result, each competitor within the industry has to compete harder for its market share and market fragmentation occurs since the market share is broken down into so many smaller parts.

Quest can be described as a giant firm or market leader dominating the industry. However, Quest cannot afford to reach a state of complacency due to the position of dominance it enjoyed for all these years. Due to intensified competition, other staffing companies are engaging in price cut downs and are also scrambling to find niches. These emerging competitors are much smaller firms that lack the technological and other expertise, they have lower overhead costs and hence are able to have a price advantage over Quest. Further, company procurement policies are favoring Black Economic Empowerment (BEE) suppliers, and particularly within the staffing industry, there has been an astronomical increase in BEE staffing supply companies. These market conditions have placed an enormous amount of pressure on Quest to act quickly, adopting imaginative and creative strategies in order to escape low growth and achieve sustainable competitive advantage over competitors.

Whilst taking the above into cognizance, it is also interesting to note the argument developed by Baden Fuller and Stopford (1992). They believe that it is misleading to see industries as becoming mature but what actually happens is that individual companies within become mature, lacking the innovation and creativity and being incapable of generating growth. So the individual company's strategy or activity is essential in generating growth.

In the case of Quest, the objective is to maximize profit while defending market share. This can be achieved through implementing various strategies e.g. cost leadership, focus / niche strategy or differentiation whilst at the same time grow with the industry. In view of the above, the quality customer service strategy adopted by Quest is definitely appropriate given the life cycle phase within which the company operates in that:

- The strategy differentiates Quest as a service as well as a quality leader. The overall operational effectiveness of all processes and procedures which deliver superior customer service is enhanced. This is achieved through a "best practice" approach which encompasses a comprehensive quality assurance management system that ensures all processes are

continuously monitored, measured and adapted to meet the changing needs of clients.

- In the staffing industry, the key to competitive success lies in adding valued services and improving quality.
- In a mature industry with intensified competition, Quest is able through the customer service strategy, to be focused and develop holistic, client centric, customized solutions. This is achieved through extensive consultation and research to increase value to the customer and decrease staffing costs.
- Personnel differentiation is also achieved through the customer service strategy in that Quest has implemented an internal customer service plan as part of an overall learning strategy for staff. This strategy sets standards for all staff and drives processes to assess, monitor and provide feedback to maintain only the highest level of customer service. Quest's commitment in this regard can be displayed in the establishment of the Quest Learning Institute (QLI), which facilitates training and development of staff, thus allowing staff to be competent as well as aware of their roles and responsibilities in delivering customer service.
- In a market where competitors are able to knock off products or services easily, innovative companies are marketing their employees' unique know how. This is the case at Quest since the learning culture is empowering staff with specialist knowledge and skills that create competitive edge for the company.
- Quest is also able, through the customer service strategy to enhance the brand image of the business contained in the beliefs, values and policy, which are carried out in the market place. The rationale behind Quest differentiating its image is that clients as well as flexstaff perceive Quest as being the employer as well as the business partner of choice.
- The Quest "on Q" loyalty and incentive program for flexstaff is an example of building the Quest brand and acting as a differentiator in the marketplace.



In view of the above it is evident that Quest's customer service strategy is appropriate given the life cycle phase in that it allows Quest to defend its market share, maximize profits and achieve competitive advantage over rival firms.

### **4.3 POSITIONING**

The positioning analysis assesses whether the strategy results in viable positioning i.e. the company's offering is designed such that it occupies a distinctive place in the target market's mind. What are the differentiators that lead to sustainable competitive advantage?

According to the theory of Professor Porter (1980), every business needs to choose a strategy in order to compete in the market place and gain sustainable competitive advantage. Competitive advantage can be described as the company's ability to perform in one or more ways that its competitors cannot match. Further, the company's competitive advantage must be seen as an advantage from the customer's eyes and these advantages must be sustainable and meaningful.

In order to assess whether the customer strategy at Quest positions Quest favorably and give rise to differentiators that lead to sustainable competitive advantage, we will outline some of the sources of sustainable competitive advantage:

Lynch (2000) identifies possible sources of competitive advantage:

- Differentiation
- Low costs
- Niche marketing
- High performance technology
- Quality
- Service
- Synergy

- Culture, leadership and style of the organization

Similarly, Porter (1980) argues that every business needs to choose one of the following strategies to compete in the marketplace and gain sustainable competitive advantage:

- Cost leadership
- Differentiation
- Focus / niche strategy

Differentiation is a critical source of sustainable competitive advantage especially for a company like Quest operating within the mature life cycle phase, where it has to create meaningful differences to distinguish the company's offering from competitors offerings. However, differentiation alone isn't sufficient. Quest needs to develop a distinctive positioning for its market offering and this act involves designing the company's offering and image to occupy a distinctive place in the target markets mind.

Advertising executives, Ries and Trout (1982) claim that number one positioning include "best quality", "best service", "lowest price", "best value", "safest", "fastest", "most customized", "most convenient" and "most advanced technology". They are confident that if a company engages in any one of these positioning and deliver on it, then it will probably be best known and recalled for this strength.

Quest is committed to add continuous value to all existing and future clients and creating a positive customer focused behaviour throughout the organization by focusing on the organization's shared customer service beliefs and values. Quest customer service policy not only clarifies its service approach and standards, but it also reflects the brand image of the business and differentiates Quest from its competitors, thereby resulting in sustainable competitive advantage.

The following suggests that the customer service strategy differentiates Quest and positions the company favorably:

### **Service**

- Quest's customer service policy outlines a service approach as well as standards with clear procedures in place to support the customer service standards.
- The policy incorporates standards for 3 different customer categories i.e. external clients (corporate companies seeking Quest's services), internal Quest staff and Quest flexstaff.
- The business has clear procedures in place to support customer service e.g. client complaint policy, best practice recruitment processes for clients, client communication standards (email, correspondence, etc.)
- A quality assurance management system is also in place ensuring that quality standards are always met.
- The policy provides an opportunity for all customers, both internal and external to give feedback. Client surveys measuring perceptions as well as customer service excellence surveys are sent out to clients for completion. Customers are involved in identifying service improvement activities. Quest conducts a CELP (Customer Expected Levels of Performance) Process with customers in an attempt to understand their expectations.

### **Quality**

- Quest definitely positions itself as a company committed to quality excellence. One of the key outcomes of the customer service policy is to enhance the overall operational effectiveness of all processes and procedures which deliver superior customer service. This is achieved through a "best practice" approach which encompasses a comprehensive quality management system which ensures that all processes are continuously monitored, measured and adapted to meet the changing needs of clients.

### **Personnel Differentiation**

- Quest is also gaining sustainable competitive advantage through developing its staff. In this instance staff refer to both internal, permanent staff as well as flexstaff performing various functions at Quest client sites. Quest ensures that all staff have the knowledge and skills to master the customer service competencies within team and individual roles.
- Through the Quest Learning Institute (QLI) a learning environment is created for both permanent and flexible staff which encourages individuality and ownership at all levels of the organization.
- Together with continual learning and development and in line with the Skills Development Act, Quest is accredited as a workplace training provider by the Services SETA to provide learning towards formal qualifications e.g. qualification in labour recruitment.
- Whilst permanent staff are working towards formal qualifications, a learning strategy for flexstaff is also implemented which is aimed at elevating their skills level. Staff have individual development plans which map out their personal development needs.

This strategy ensures better trained staff who eventually add value to clients' businesses. According to Kotler (2000) companies gain competitive advantage through better trained staff and these staff possess the following characteristics:

- Competence
- Courtesy
- Credibility
- Reliability
- Responsiveness
- Communication

Quest is definitely making its mark in the industry through staff differentiation. Staff are becoming assets to clients' businesses and are not only being experts in the field that Quest operates, but rather they are also gaining

specialist knowledge on the specific industry sectors they are servicing e.g. banking, telecommunications, retail etc.

### **Advanced Technology and Sophisticated Processes**

- Quest has invested significantly in the seamless integration of operational, financial and information technology systems of world class standard to deliver outstanding results to clients.
- Quest uses leading global technology and these systems integrate candidate management, payroll, administration, financial accounting and credit control, management information reporting as well as reporting on statutory requirements relating to employment equity and skills development. Quest's systems and delivery model facilitate "best practice" in recruitment, assessment, selection, performance management, development, litigation support and HR strategy.

### **Customized, Holistic Solutions**

- Quest, traditionally a recruitment agency has proudly transformed and reengineered its business in order to meet the dynamic, changing needs of its selected client target market.
- Quest's customer service policy highlights the fact that Quest differentiates itself by offering holistic workforce management solutions that are customized through consultative processes with clients.
- This is achieved through long term, mutually beneficial strategic partnerships with clients.

### **Image Differentiation and Branding**

A positive image is critical to the success of Quest. The customer service strategy aims at creating a positive perception of Quest. The company seeks to differentiate itself by positioning itself as the "employer of choice" for permanent and flexstaff as well as the "preferred workforce management partner with the ability to add value to external clients. Quest has also appointed a full time Brand Manager to focus on branding initiatives.

The customer service strategy enhances the brand / image of Quest in the following ways:

### **Media**

- Quest's strategy is to build its category and brand through aggressive Public Relations and media e.g. Business Day, Business Report, Star, Career Times, Argus, Job Shop, Star, Workplace, Mercury, The Sowetan, iAfrica, Contact, Call centre Web, Succeed, Cape Talk and SAFM are some of Quest's successful Public Relations channels.

### **Events**

- Quest's aggressive Public Relations campaign extends into value added informative client events such as networking breakfasts, workshops, sponsorships etc. Such events even enjoy media coverage in some instances.

The following is an excellent example of how the Quest brand is built:

### **Quest's "on Q" Loyalty and incentive Program**

Quest believes strongly that the impact the company has at their flexstaff level has a ripple effect on the business. The manner in which flexstaff are treated feeds the image of Quest in the marketplace. Quest's customer service strategy distinctly categorizes the flex staffer as a customer and highlights the fact that they need to be treated in a professional manner at all times. Quest's newly launched website is centralized around flexible staffing and stands out as the leading career site in South Africa. Further, the "on Q" program builds the Quest brand and is seen as a key differentiator in the market. There is a seamless integration between the "on Q" branding and the overall Quest brand.

### **About the on Q Program**

- The new loyalty / performance based incentive program for all Quest flexstaff is called "on Q – Your time is now."

- With music as a central theme, it drives Quest flexstaff on both a rational and emotional level.
- The program is branded and reflects empowerment, passion and pride.
- To enhance the theme, Quest has written and recorded a motivational “on Q” song entitled “your time is now!” The song was handed to all flexstaff on CD, which also carries a fresh, hip and professional music video of the song.

### **Why Music?**

- All people, irrespective of age, background or culture relate to music.
- Quest's target market, most of whom are youth out there moving to the rhythm of their young lives, regard music as an integral part of who they are and what they stand for.

### **Loyalty Partners**

- Quest rewards staff for performance and loyalty to the company through making available discounted retail vouchers from selected retail partners to all flexstaff. Preferred partners for this program are Cell C, Shoprite, Musica.

### **The Launch**

- To launch this exciting new program, 3 music concerts including live performance from well known South African artists e.g. Mandoza were hosted simultaneously in Durban, Johannesburg and Cape Town.
- This event was not only the first of its kind within the industry, however it generated good exposure for Quest's brand but this was also an opportunity to show Quest's appreciation and focus on their flexstaff.
- On the night of the launch Quest flexstaff and clients were treated to a night of entertainment.
- The media was invited and good coverage was done.
- Currently Quest hosts quarterly gala events to recognize top Quest performers. These events are also designed in the theme of music to complement the “on Q” program.

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### **On Q Communication**

- Flexstaff receive a quarterly on Q newsletter, regular SMS' and an interactive website promoting the program.
- To facilitate the sale of discounted retail vouchers, branded kiosks have been set up at Quest offices e.g. Cell C kiosks for air time vouchers.

Some theorists believe that there could only be 2 sources of sustainable competitive advantage and these are differentiation and low costs. However, companies like Quest who are able to differentiate in the marketplace are able to charge a price that is higher than the average price in the marketplace. So clearly, Quest cannot position itself as a low cost leader as well as a differentiator under the same brand. The above mentioned differentiators indicate that Quest, through its customer service strategy has achieved competitive advantage over competitors and the company's offerings are being positioned favorably in the minds of the target market. Clients are willing to pay a premium price which is inclusive of value added services.

## **4.4 ORGANISATIONAL CULTURE AND STRATEGIC LEADERSHIP ANALYSIS**

This analysis asks the question "Does the strategy at Quest build a supportive organizational culture and strategic leadership?" Does the culture lead to employee involvement, high performance teams, a learning organization that is passionate about quality and the customer?

Two critical success factors for strategy implementation are that of creating a strategy supportive organizational / corporate culture and exerting internal strategic leadership. Each company has its own unique culture which can be referred to as the personality of that company. Broadly, organizational culture can be described as an organization's set of beliefs, values and norms. It is the employees that interpret the culture of the organization based on the assumptions, values and philosophies. A host of factors build up an



organization's culture and these factors include the people, past history of the company, technology, physical resources, management etc.

Building a capable organization for strategy implementation involves a strategy supportive culture as well as strategic leadership, which is the foundation for strategic change within any company wishing to sustain a customer centric focus and high performance culture.

Quest's customer service strategy has definitely set the platform for building a strong customer centric and learning culture. The following factors suggest the creation of a strategy supportive culture:

### **Builds a spirit of high performance**

Thompson and Strickland (1999) describes a "high performance culture" as the ability to instill strong individual commitment to strategic success and to create an atmosphere in which there is constructive pressure to perform. The customer service strategy emphasizes achievement through performance and service excellence.

- With the focus on staff training for customer service competence, clear role clarities, reward and recognition linked to outstanding results, every employee brings out their best.
- Performance management systems and other incentives introduced to staff also ensure performance excellence.
- The concept of "high performance teams" also comes into being since the customer service policy forces the various teams to work together and deliver to each other in order to finally produce service excellence and quality to the customer.
- Interactive communication sessions are conducted between various divisions / teams to look at how processes could be improved / reengineered to optimize efficiency and operational effectiveness.

**Builds structure, standards and value system in which to operate and promotes strong employee identification with the company's vision, performance targets and strategy**

- The customer service policy has given rise to more structure, standards and a value system within which staff operate.
- Prior to the introduction of this strategy, operated without clear role clarity expectations linked to the customer, proper training and performance standards.
- The Quest Learning Institute (QLI) is involved extensively in designing recruitment and selection processes for all new internal staff, induction programs for new recruits, internal customer service standards, work- flow processes etc.
- This promotes employee identification with Quest's vision and staff feel more equipped to deliver on Quest's strategy.

**Customer Centric Focus**

- One of the critical reasons for developing a customer service strategy was to commit Quest to add continuous value to all existing and future customers and create a positive customer focused behaviour throughout the organization.
- Quest has established systems, processes and policies in place that support both internal and external customers, enabling all parties involved to achieve their desired outcomes and deliver the level of customer service required.
- The strategy builds a culture that takes a proactive approach to manage both internal and external customer relationships and that it involves all customers in agreeing and reviewing how their needs are addressed within the organization / supplier / customer relationship.
- The customer service strategy allows the business to measure actual customer service against defined service levels, monitor the perceptions that customers have of Quest based on actual experience and take corrective action when appropriate.

### **The Learning Organization**

- A culture of ongoing learning and development is fostered through the customer service strategy.
- The mere presence of formal training through an established dedicated division, QLI, and what is emphasized in the training stands out as a powerful message about Quest's priorities.
- There is a feeling of empowerment among staff they feel more equipped to be involved and make decisions.
- Quest has gone the extra mile on employing a full time coach to implement a coaching a mentoring strategy. Every employee has a personal development plan and ongoing coaching is conducted to improve one's performance and capabilities as well as identify deficiencies and put effective plans in place to achieve positive outcomes.

### **Employee Participation**

- Quest's customer service strategy also enforced a culture of employee participation. Quality is providing what the customer wants, then provision of that quality requires the participation of all employees.
- In developing the customer service strategy, regional customer service project champions were appointed and then further task teams were formed to work on different activities relating to the launch of this strategy.
- This process fostered a climate of collaboration between people, open communication, problem solving, innovation and commitment.
- Employees are key to success and if they are treated as valuable people then they will treat their customers similarly.

### **Staff Motivation, Retention and Support**

- Through the customer service strategy, staff are encouraged to improve their own levels of customer service.
- A climate of reward and recognition is created where staff are either rewarded or recognized for exceptional performance and customer service excellence.

- The introduction of the “Buzz and Bomb” awards have proven to be extremely effective where positive customer service behaviour is openly recognized by awarding staff with “Buzz” awards. Similarly, undesired behaviour is openly communicated by awarding of “Bomb” awards.
- There are various monetary incentives linked to key performance outcomes, service excellence awards, prizes etc.
- This leads to staff being more motivated to perform at their best levels.

Apart from building a supportive culture, the strategy also builds strategic leadership within Quest. Strong, professional leadership and management at all levels is a competitive advantage that will help organizations succeed in implementing strategy. According to Haines (1995) traditional management roles comprised of approximately 5% strategizing, 15% coaching and 80% directing and maintaining. Now this scenario has transformed significantly into strategic management, consisting of 20% strategy, 60% coaching, developing supporting and building and 20% directing and maintaining.

This transformation is evident within Quest and the customer service strategy has played an integral role in transforming leadership from a “Boss” to “coach” scenario. The manager now has different roles to play ranging from visionary, strategist, administrator, culture builder, resource acquirer, capabilities builder, coach, motivator and mentor.

The following factors suggest that Quest's strategy builds on strategic leadership:

- Through the coaching culture at Quest, a supportive relationship is created between management and staff and staff are empowered in the process.
- Top management is definitely committed to staff wellbeing through building a supportive climate. Staff wellness programs are in place and other professional services are accessible to all Quest staff.

- Quest leaders are also being empowered / trained to teach staff how to be good at their jobs and coach them towards high performance, guiding teams to lead themselves towards success.
- Although the commitment to quality starts at the top, Quest's management was able to create a common vision and get people throughout the organization equally passionate about the image of company should possess i.e. quality, service excellence image.
- Management also got employees more involved in their jobs, taking on more responsibilities. In this way, the people of the organization are taking control over the quality they want to deliver and they too are becoming agents of change.
- Top / senior management has also ensured that the entire organization understand the strategic intent of the business in terms of total quality and service excellence. A common understanding was created.
- Management is busy restructuring the organization in terms of structure and resources in order to meet the needs of the customer.
- Management is also involved in extensive process improvement / reengineering in order to meet quality standards, thus providing quality and service excellence to customers and becoming a world class company.
- Leadership is constantly involved in benchmarking and identifying best practices in pursuit of ensuring that Quest meets world class standards.

## **4.5 VALUE CHAIN ANALYSIS**

Every organization consists of activities that link together to form the value of the business, either a finished product or a service that is to be delivered. These activities could be primary or support in nature and could include HR Management, marketing, procurement, operations, logistics, services etc. The different activities, when put together form the value chain which basically shows the set of activities and functions performed internally.

Now value chain analysis assesses how well a company manages its value chain activities, resulting in the building of valuable competencies and

capabilities leading to sustainable competitive advantage. Thompson and Strickland (1999) report that a company's competitive edge is usually grounded in its skills, know how and capabilities to perform crucial activities along the value chain better than rivals.

Core competencies refer to a company's experience, learned skills, company operating procedures, knowledge or technological know how in performing related value chain components. When these combine with strategic processes, they form the capability of the organization. Capable organizations exploit core competencies for adding value to their customers. Quest, like other companies seeking a strong competitive position, aims at creating value at points of the value chain through exploiting core competencies and creating value adopting effective processes. Quest, a true market leader is not only exploiting core competencies to add value to the customer, however through its overall strategy, it is shaping up the organizational capability to exploit emerging opportunities in the market.

Quest's drive towards total quality management and customer service excellence exploits core competencies within the value chain. Unlike a company that is manufacturing a tangible product, Quest is a service company and hence the value chain activity differs from that of the former. Quest's customer service strategy enhances the competitive strength of the organization through reengineering and refining processes that link the activities of the value chain:

- Operational effectiveness of all processes and procedures which deliver customer service are being enhanced through adopting best practice approach.
- A best practice recruitment and selection methodology for customers has been established, incorporating quality standards and basic operational procedures relating to the different activities i.e. profiling, sourcing of candidates, screening, assessments and matching candidates to clients' specifications.

- Best practice operational guidelines / role clarity per job type developed, from switchboard to General Manager level. This provides a blueprint for key roles within the business and clearly outlines performance expectations, skills, knowledge and personal attributes required for the job, level of responsibility etc.
- The customer service strategy facilitated internal collaboration between various divisions. These divisions embark on an interactive CELP (Customer Expected Levels of Performance) process where roles, responsibilities and internal customer service expectations are clarified, thus ensuring that activities along the value chain are reconfigured effectively to ensure optimum results for the client.
- Continuous improvement on operational, financial and Information Technology systems.

The strategy also exploits the core competencies (skills, knowledge) of the company. Quest's learning strategy aims at uplifting the skills levels and knowledge of staff, hence improving the quality of service offered to the customer. Transforming from a traditional recruitment company to a consultative firm offering total flexible workforce management solutions, Quest is able to not only exploit internal core competencies, however through QLI it is able to exploit emerging opportunities in the market place and strengthen its competitive position. Quest is linking up and forming strategic alliances with companies / bodies within the broader value system in order to deliver a value added, holistic, customized solution to the client. With the national skills development strategy and the role of the various Sector Education Training Authorities (SETA's), Quest is able to exploit this opportunity and partner with best of breed training providers and with the relevant SETA to offer learnerships as part of a holistic solution to clients.

## 4.6 PORTFOLIO ANALYSIS

Portfolio analysis analyses the balance of an organization's strategic business units. Most companies offer more than one product or service and serve a host of different customers. Each business unit would develop its own strategies, financial targets, resource allocation etc. It makes strategic sense for a business to be involved in a range of products / services in a range of markets. The key strategy is to provide a balanced portfolio of products. Portfolio analysis asks the question, "will the strategy move the company into a more dominant market position?"

Whilst Quest's core business is architecting and managing flexible workforces, this is complemented by their specialist knowledge and expertise in various sectors such as financial services, hospitality, retail, telecommunications, public sector, media and entertainment etc. To meet the dynamic, changing needs of customers, Quest has restructured its business into niche divisions, forming strategic business units. These strategic business units are managed separately with their own strategies and customized solutions for that specific sector it is servicing.

Quest's customer service strategy will definitely move the company into a more dominant market position. The strategy gives rise to a niche / focused approach in dealing with clients. Customer Service is about meeting the specific needs of clients and this can only be achieved by understanding client needs and then customizing a solution to meet that need. According to Levitt (1960) a business must be viewed as a customer satisfying process, not a goods producing process. He goes on to argue that products are transient, but basic needs and customer groups endure forever, hence he encouraged companies to redefine their businesses in terms of needs and not products. Quest has transformed from a "one size fits all" approach to dedicated client delivery teams empowered by industry – specific products, services and solutions.



With the development of strategic business units, Quest will be able to Understand diverse market needs, market attractiveness as well as the market share the business has within that specific market. This will allow Quest to analyze each business unit in more detail with regards to profitability and growth and make appropriate decisions i.e. build, hold, harvest or divest.

## **4.7 SUMMARY**

This chapter evaluates the suitability of Quest's quality customer service strategy using the "suitability" criteria of strategy evaluation.

According to Pearce and Robinson (2000) suitability is whether a strategy addresses the circumstances in which the organization is operating i.e. how well the strategic option matches the environment and resources and how well it delivers competitive advantage. An in-depth analysis was conducted and the following are the outcomes:

- Quest's customer service strategy is a good strategic option and definitely results in Quest achieving competitive advantage over rival firms.
- Life Cycle analysis: Quest is operating within the maturity phase of the product life cycle and the customer service strategy is definitely appropriate for this phase. The strategy allows Quest to defend its market share, maximize profits and achieve competitive advantage through differentiating Quest as a service and quality leader, providing focus through developing holistic, customized client solutions.
- Positioning resulting from Differentiation: The customer service strategy also differentiates Quest from its competitors and hence positions the company favorably in the minds of the target market. Quest is differentiated through superior service, quality, personnel differentiation, advanced technology and sophisticated processes, customized solutions, superior image and branding.
- Organizational Culture and Strategic Leadership: Quest's customer service strategy has set the platform for building a strong customer centric and high performance culture in that it sets customer service standards and

also fosters employee participation in achieving quality service. The strategy emphasizes achievement through staff performance and service excellence, whilst creating a culture of ongoing learning and development. The strategy has also played an integral role in building strategic leadership and transforming management from a “boss” to “coach” scenario. The strategy supports a coaching culture which creates a more supportive relationship between staff and management, resulting in a more empowered workforce.

- Value Chain Analysis: Quest's drive towards total quality management and customer service excellence exploits core competencies within the value chain. The customer service strategy enhances the competitive strength of the organization through reengineering and refining processes that link the organization's value chain activities.
- Portfolio Analysis: Quest's strategy will move the company into a more dominant market position in that it gives rise to a niche / focused approach in dealing with clients. Strategic business units / divisions have been formed with dedicated client delivery teams empowered by industry specific products, services and solutions.

## **CHAPTER FIVE:**

### **CONCLUSION AND RECOMMENDATIONS**

It is now no longer sufficient just to sell a product or deliver a service on one occasion. For companies to compete in some markets, it has become critical for them to offer total customer satisfaction through superior service and designing quality into these services.

The reason for a company's existence is its customers. Customers generate the revenue and deliver the company's profits. For too long, companies have crafted their business strategy around competitors and as a result the strategic importance of the customer has been lost. Today, successful companies that achieve sustainable competitive advantage over rivals keep in close touch with their customers and the customer is central to their corporate strategy – the customer driven strategy.

In addition, focus is placed on quality as perceived by the customer. Lynch (2000) reports that over the last 30 years, organizations have highlighted quality as a critical part of their purpose. Service and quality are becoming competitive weapons for companies within a context of intensive competition.

#### **5.1 KEY FINDINGS OF THE RESEARCH**

This research, a qualitative case study method was set out to evaluate the customer service strategy developed by Quest Flexible Staffing Solutions at the pilot site in KwaZulu Natal. Linked to the main research objectives stated earlier in section 1.5 of this report, the following are the key findings of this study:

- The adoption of a company wide quality customer service strategy is appropriate given the product lifecycle of Quest. Operating within the

maturity phase of the life cycle, which is characterized by intensified competition, market fragmentation etc., Quest needs to maximize profits while defending market share. This can be achieved through various strategies which fall under the overall customer service strategy. The quality customer service strategy allows Quest to differentiate itself through quality and service and focus on offering holistic, customized client solutions of superior value.

- The demand for Quest's services will definitely grow as a result of the strategy. This is attributed to the fact that the strategy leads to a positioning of differentiation which is a source of sustainable competitive advantage. Through this strategy, Quest's offering and brand occupies a distinctive place in the minds of the target market. Quest is differentiated through its superior service, quality, strong brand awareness, personnel differentiation, advanced technology etc.
- Quest's drive towards total quality and service excellence definitely exploits core competencies within the value chain and enhances the competitive strength of the organization through reengineering and reconfiguring core business processes that link the organization's activities. The strategy also allows Quest to exploit emerging opportunities outside of the organization by building the capability of the organization as a whole. Quest, in its aim to function at the level of a high performance organization is focusing on the need to manage core business processes such as customer attraction and retention, order fulfillment etc. and is reengineering work flows in order to meet the expectations of customers.
- According to Schneider, Gunnarson and Niles Jolly (1994), organizations are more effective when they create, maintain and if needed change climates and cultures to emphasize innovation, service and organizational citizenship behaviour. Quest's customer service strategy builds a customer centric and high performance culture as well as strategic leadership within the organization. The strategy fosters a culture of ongoing learning and

development, innovation, service excellence, staff motivation and retention, employee participation and quality focus through ongoing improvement. The strategy also gives rise to various internal policies that promote a climate of employee wellbeing and a sense of community.

- From a leadership perspective, the strategy instills a coaching culture rather than a “Boss” approach. Staff are empowered to bring out their best and management support employee wellness and satisfaction. Further, in order to deliver a quality service strategy, Quest has embraced the TQM approach which is outward looking; it is a customer oriented approach rather than a manufacturing oriented. This quality approach impacts on the management of the entire organization such that it emphasizes the role of quality in meeting the needs and expectations of customers. The drive for quality through this strategy also calls for changes in management / leadership in that it introduces a strategic leadership style which includes redesign of work, redefinition of roles, redesign of organizational structures and learning of new skills by employees at all levels.
- The customer service strategy will definitely move Quest into a more dominant market position in that it encourages Quest to provide customized client solutions that are industry specific. The customer service approach fits in with Quest’s overall strategy of having specialist divisions that service different industry sectors e.g. banking, telecommunications, public sector etc. These divisions form strategic business units which balance the organization’s activities.

From the above, it is evident that Quest’s customer service strategy is a good idea. It is suitable in that it addresses the circumstances in which the company is operating. The strategy is also a source of sustainable competitive advantage over rival firms.

## 5.2 RECOMMENDATIONS

Whilst maintaining the view that Quest's customer service strategy is a suitable one, the company must take cognizance of factors that are required to sustain the strategy on the long term. Management should take serious note of the following:

- As the strategy operationalises further and becomes an ongoing activity, monitoring and control procedures are important and can be used to
  - assess resource allocation
  - monitor implementation progress
  - Monitor environmental changes
  - Provide feedback mechanisms
- Quest must concentrate on identifying key success factors for directing analysis of the strategy and its objectives. These success factors could include customer satisfaction, quality measures, market share etc.
- Whilst Quest places emphasis on measuring customer satisfaction through customer satisfaction surveys, the company must focus on measuring other perspectives as well. The Balanced Scorecard Approach resulted from identifying a deficiency in the implementation of many corporate strategic plans. This deficiency is the measurement gap.
- Whilst many companies measure success based on historical financial / productivity ratios, they fail to measure other aspects of strategy that is critical for future success and which may be difficult to quantify e.g. employee commitment and loyalty, organizational learning, quality of people through measuring training and development, staff turnover, job turnover and absenteeism rate, employee satisfaction, employee retention, employee profitability. Quest should consider measuring such factors.
- Quest must continue to review HR practices that promote employee well being and a sense of community. When employees view their organization

practices and procedures as treating them well, they will then provide a higher quality service to customers.

- Lost Customer analysis – Quest should contact customers who stop using their services or who has switched to another supplier to learn why this happened. Quest should also conduct exit interviews and monitor customer loss rate.
- In addition to tracking customer value expectations and satisfaction, companies need to monitor their competitors' performance in these areas.
- Avoid over reliance on quantitative data. Numbers are much easier to measure and a lot of companies focus too heavily on this and tend to neglect the qualitative aspects that may not be quantified so easily, yet may be more relevant to strategy monitoring.

### **5.3 AREAS FOR FURTHER RESEARCH**

The current study had limitations. The researcher was unable to survey the opinions of Quest's clients and staff on the effectiveness of the strategy. The customer service strategy is a new development at Quest and the company was still in the process of "fine tuning" processes, policies and systems which form building blocks of the overall strategy. There is a need to conduct further research with clients and staff (internal permanent as well as flex staff) to measure effectiveness of the strategy and elicit feedback from these parties.

### **5.4 CONCLUDING REMARKS**

Every company must have a strategy which is game plan for the future. Management uses this game plan to position the company in its market, compete successfully, please customers and achieve good business results. Quest has definitely taken a step in the right direction in pursuit of competitive

advantage. The company will surely survive turbulent times should it continue to achieve best practice and strive to move closer to total quality.

Finally, Quest understands that quality is a continuing challenge, with each success constituting a battle that has been won in a never ending war. Quest reinforces this point by including the following story about continuous improvement in its corporate brochures. Zytec, a Malcolm Baldrige Quality Award winner used this story to conclude its Baldrige presentation in 1987.

**Every morning in Africa,  
A gazelle wakes up.  
It knows it must outrun  
The fastest lion,  
Or it will be killed.**

**Every morning in Africa,  
A lion wakes up.  
It knows it must run faster  
Than the slowest gazelle,  
Or it will starve.**

**It doesn't matter whether  
You're a lion or a gazelle-  
When the sun comes up,  
You'd rather be running.**



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