Chapter 1

The Customer Service Profession

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# Teaching Tools

This book has several tools for both students and instructors to assist in the learning and development on the topic of customer service. Those tools are listed below.

### Instructor Teaching Tools

* Instructor’s Manual
* PowerPoint Presentations
* Asset Map
* Test Bank
* Customer Service Videos
* Sample Syllabi

### Student Learning Tools

* Customer Service Interactions
* Customer Service Videos
* Chapter Objectives
* Flashcards
* Online Quizzes
* Practice Tests
* Glossary
* Spanish Glossary
* Worksheets

**Brief Chapter Outline**

**Learning Outcomes**

* 1-1: Define customer service.
* 1-2: Describe factors that have impacted the growth of the service sector in the United States.
* 1-3: Identify societal factors that have influenced customer service.
* 1-4: Recognize the changes in consumer behavior that are impacting service.
* 1-5: List the six major components of a customer-focused environment.
* 1-6: Explain how some companies are addressing the changes impacting the service sector.

I. Defining Customer Service

A. The Concept of Customer Service

B. Post–World War II Service in the United States

C. The Shift to Service

II. Growth of the Service Sector

A. Impact of the economy

Quantity of Jobs Being Created

Distribution of Jobs

Quality of Service Jobs

III. Societal Factors Affecting Customer Service

A. Global Economic Shifts

B. Shifts in the Population and Labor Force

C. Increased Efficiency in Technology

Globalization of the Economy

D. Deregulation of Many Industries

E. Geopolitical Changes

F. Changing Values

G. Increase in the Number of White Collar Workers

H. More Women Entering the Workforce

I. A More Racially and Ethnically Diverse Population is Entering the Work Force

J. More Older Workers Entering the Workforce

K. Growth of E-Commerce

IV. Consumer Behavior Shifts

A. Different Mindset

B. Expectation of Quality Service

C. Enhanced Consumer Preparation

V. The Customer Service Environment

A. Components of a Customer Service Environment

B. The Customer

External Customers

Internal Customers

C. Organizational Culture

D. Human Resources

E. Deliverables

F. Delivery Systems

G. Service

VI. Addressing the Changes

**Chapter Outline and Lecture Notes**

**I. Defining Customer Service**

* + - **Customer service** is the ability of knowledgeable, capable and enthusiastic employees to deliver **products** and services to their internal and external customers in a manner that satisfies identified and unidentified needs and ultimately results in positive word-of-mouth publicity and return business.
		- Depending on an organization’s focus, such as retailing, medical, etc., the goals of providing customer service may vary.
		- **Service industry** is a term used to describe businesses and organizations that are engaged primarily in service delivery.
		- **Product** is something produced or an output by an individual or organization.
		- **Customer-focused organizations** are companies that spend energy and effort on satisfying internal and external customers by first identifying customer needs, then establishing policies, procedures, and management and reward systems to support excellence in service delivery.
		- Some common characteristics of leading-edge customer-focused organizations are:
		- They have internal customers (for example, peers, co-workers, etc.) and/or external customers (for example, vendors, suppliers, etc.).
		- Their focus is on determining and meeting the needs of customers while treating everyone with respect and as if they were special.
		- Management and systems support and appropriately reward employee efforts to serve customers.
		- Reevaluation and quantitative measurement of the way business is conducted is ongoing and results in necessary changes and upgrades to deliver timely quality service to the customer.
		- Continual benchmarking or comparison with competitors and related organizations helps maintain an acute awareness and implementation of best service practices by the organization.
		- The latest technology is used to connect with and provide service to customers, vendors, or suppliers and to support business operations.
		- They build relationships through **customer relationship management (CRM)** programs.
		- The term **service sector** as used by the Census Bureau and the Bureau of Labor Statistics in their reports and projections typically includes:
		- Transportation, communication, and utilities
		- Wholesale trade
		- Retail trade
		- Finance, insurance and real estate
		- Other services (including businesses such as legal firms, barbershops and beauty salons, etc.)
		- Federal government
		- State and local governments

**A. The Concept of Customer Service**

* + - The concept or practice of customer service is not new throughout the world.
		- Over the years, it has evolved from a meager beginning into a multibillion-dollar, worldwide endeavor.
		- In the past when many people worked on farms, small artisans and business owners provided customer service to their neighbors.
		- To supplement their income, many people made and sold or bartered products from their homes in what came to be known as **cottage industries**.
		- When industry, manufacturing, and larger cities started to grow, the service industry really started to gain ground.

**B. Post–World War II Service in the United States**

* + - After World War II, the desire, and in some cases need, to obtain products and services started to grow throughout much of the world.
		- In the United States there was a continuing rise in the number of people in service occupations.

**C. The Shift to Service**

* + - The age of the **service economy** has been alive and strong for some time now.
		- Tied to this trend has been the development of international quality standards by which effectiveness is measured in many multinational organizations.
		- Organizations such as the International Council of Customer Service Organizations (ICCSO) work to help develop and promote service and professional excellence standards throughout the world.
		- This is being done by setting internationally acceptable standards and certifications in an attempt to create a global atmosphere of service.
		- To help attract and maintain a more loyal customer base, many customer-centric organizations are stepping up their enthusiasm and support for such standards.

**II. Growth of the Service Sector**

* + - According to the U.S. Bureau of Labor Statistics, assuming a full employment economy by the year 2020, the United States is projected to add 20.5 million new jobs by that year.
		- Service-providing industries are anticipated to generate nearly 18 million new wage and salary jobs.
		- The impact of these numbers can be seen as technology replaces many production line workers, and increasing numbers of service jobs are created.
		- Technology-related service jobs such as those of database administrators, computer support specialists, computer scientists, computer engineers, and systems analysts are expected to continue to grow at a rapid pace**.**

**A. Impact of the Economy**

* + - According to leading economists, today’s economy is affecting jobs in three ways:
		- Overall quantity of jobs created
		- The distribution of jobs among industries, occupations, geographic areas, and organizations of different sizes
		- The quality of jobs, measured by wages, job security, and opportunities for development

**Quantity of Jobs Being Created**

* + - According to the U.S. Department of Labor:
		- Of the 20 occupations with the largest growth, one-fifth are in the office and administrative support services group.
		- Together, these four occupations—bookkeeping, accounting and auditing clerks, customer service representatives, general office clerks, and receptionists and information clerks, are expected to grow by 1.3 million jobs, accounting for about 18 percent of job growth among the 20 occupations with the largest growth.

**Distribution of Jobs**

* + - Two parallel trends in job development are occurring:
		- The first comes about from the need for employees to be able to have regular access to personal and professional networks and to engage in collaborative exchanges.
		- The second trend in job development arises from the ease of transmission and exchange of information by means of technology.
* It is called **telecommuting** and various other terms describe it.
	+ - With enhanced phone technology, **broadband Internet access** facilitates more personal communication with customers, suppliers, distributors, and colleagues.
		- With visual imaging and collaboration software like, **Skype** and GoToMeeting, **instant messaging**, **social media**, e-mail, and other technology, employees can now work from their homes or satellite office locations worldwide.
		- Government agencies, technology-focused organizations, and many companies with large staffs in major metropolitan areas that experience traffic congestion have used telecommuting for a number of years to eliminate the need for employees to travel to work each day and to reduce corporate overhead, such as office space and technology, utility, and equipment costs.

**Quality of Service Jobs**

* + - The last decade of the twentieth century saw increasing economic growth, low interest rates, and new job opportunities.
		- Employees who do obtain and maintain the better customer service jobs that provide good working conditions, security, and benefits will be better educated, trained, and prepared.
		- They will also be the ones who understand and have tapped into the concept of professional **networking**—the active process of building relationships and sharing resources.

**III. Societal Factors Affecting Customer Service**

* + - The economies of America and many geographic areas are being dramatically changed by the forces that are shaping the world.
		- Some of the major shifts that continue to occur each year around the world are:
		- Declining economic conditions
		- Demographic shifts in population
		- Constant technological change
		- Globalization
		- Deregulation of industries
		- Geopolitical changes
		- Increases in the number of white-collar workers
		- Socioeconomic program development
		- More women entering the workplace

**A. Global Economic Shift**

* + - Not since the 1980s have economic indicators (e.g., stock trades, home sales, etc.) been in such turmoil worldwide.
		- In addition to governmental policy and economic changes, new legislation impacting healthcare and taxes, job elimination in the government sector, and shifts in consumer spending have significantly impacted many organizations, forcing downsizings and in many cases closures.
		- Large numbers of customers search and do their homework for products and services online and often use retail outlets as a showroom to physically examine things they are interested in potentially purchasing.
		- Many companies have made dramatic shifts in the way they do business and attempt to attract and hold customers.
		- Because of the financial meltdown that occurred during the high point of the recession, many organizations that have been household names for decades and had international presence have cut back severely on the size of their workforce and sold off, merged, or closed operations.

**B. Shifts in the Population and Labor Force**

* + - Today’s labor force is older, more racially and ethnically diverse, and composed of more women than in the past.
		- According to U.S. Census data, the U.S. resident population will grow from 308.7 million in 2010 to 341.4 million in 2020, an increase of 32.7 million people in 10 years.
		- Several significant factors will shape the future demographics of the U.S. population:
		- There will be a significant increase in the older population.
		- Immigration will continue to play a major role in the growth and makeup of the racial and ethnic composition of the U.S. population.
		- There will be a need for more consumer goods and services to provide for the needs and expectations of customers.
		- Since the size of the labor force is the most important factor related to the size and makeup of the available pool of workers, organizations that hire service representatives will have to make some adaptations related to the way they recruit and hire in order to obtain quality candidates for open positions.

**C. Increased Efficiency in Technology**

* + - The development and increased sophistication of machines, service equipment, and computers have caused an increase in production and quality.
		- An advantage of this change is that machines and equipment can work 24 hours, seven days a week with few lapses in quality, with no need for breaks, and without increases in salary and benefits.
		- They also potentially enhance the ease of service delivery and provide faster processing.
		- Technology is extremely attractive to profit-minded business and corporate shareholders and managers who are concerned with service delivery and how it impacts sales.
		- More people will have access to products and services via computers, smartphones, iPad s, and similar devices.

**Globalization of the Economy**

* + - Beginning in the 1960s, when worldwide trade barriers started to come down, a variety of factors have contributed to expanded international cooperation and competition.
		- This trend has been termed **globalization**, with many companies focusing on **business-to-business (B2B)** initiatives, as well as individual consumers.
		- At some point, many companies make staffing and/or production decisions based on bottom-line figures.
		- When this happens, companies can, because of recent changes in the law, take their production or call center functions “offshore” (**offshoring**) to other countries.
* In doing so, companies often save money on costs such as production, wages, and benefits.
	+ - In addition to offshoring, many organizations are also **outsourcing** job functions that have been traditionally handled internally (e.g., recruiting, payroll, etc.) to third-party companies that specialize in these areas.
		- Related to offshoring and outsourcing, **insourcing** occurs when organizations decide to have internal employees assume functions and perform work instead of contracting out to third parties or outsourcing it.

**D. Deregulation of Many Industries**

* + - **Deregulation** is the removal of government restrictions on an industry.
		- The continuing deregulation of major U.S. public services has caused competition to flourish.

**E. Geopolitical Changes**

* + - Events such as economic embargoes, political unrest, and conflicts and wars involving various countries have reduced U.S. business access and competition within some areas of the world while companies from some countries have free access in those areas.
		- These circumstances not only limit access to product, manufacturing, and distribution channels, but also reduce the markets to which U.S. businesses can offer products and services.
		- The passage of the **North American Free Trade Agreement (NAFTA)**, which was a trade agreement between the United States, Canada, and Mexico that eliminated a number of trade and investment barriers between the three countries made it easier for many U.S.-based companies to relocate and send jobs across borders (offshoring) in order to find less-expensive labor forces, increase profits, and avoid unions and federal taxes.
		- Further events such as trade agreements with China and the thawing of relations with Vietnam in recent years have opened new political and economic doors.

**F. Changing Values**

* + - Values are internalized and a result of individual life experiences and societal mores.
		- Throughout the world, there has been a tremendous amount of dynamic change in recent decades due to economic instability, quickly expanding and enhanced technology, global mobility where people move quickly and frequently.
		- Because different societies view what is important from different perspectives, clashes can sometimes result when service providers encounter customers who have differing values.
		- As a result of societal values, companies often change their approach to doing business as a competitive strategy and to attract and hold customers.
		- Because many consumers are now cost-conscious, are ecologically aware, and value sustainability, many automobile manufacturers are developing vehicles that are more energy efficient, use ecologically sensitive fuels , and cost less.

**G. Increase in the Number of White-Collar Workers**

* + - With the movement out of factories and mines and off the farm, more people find themselves working at a traditional nine-to-five office job or providing service on a variety of work shifts.
		- This trend has led to the creation of new types of service occupations.

**H. More Women Entering the Workforce**

* + - The fact that more women are in the workplace means that many of their traditional roles in society have shifted, out of necessity or convenience, to service providers such as cleaners, cooks, and child care providers.
		- As women have become a larger part of the work force, they have slowly seen their income levels rise compared to those of their male counter parts but have not yet reached equality in workplace compensation.

**I. A More Racially and Ethnically Diverse Population is Entering the Work Force**

* + - The increase in numbers of people from different cultures entering the workforce will have a profound impact on the business environment.
		- Not only are the members of this expanded worker category bringing with them new ideas, values, expectations, needs, and levels of knowledge, experience, and ability, but as consumers themselves they bring a better understanding of the needs of the various groups that they represent.

**J. More Older Workers Entering the Workforce**

* + - The median age of people in the United States is rising because of the aging of the “baby boom” generation (those born between 1946 and 1964).
		- From a workplace perspective, this means that more of the people in this age group will stay in the workplace or return once they leave.

**K. Growth of E-Commerce**

* + - The past two decades have been witness to unimagined use of the personal computer and the Internet by the average person.
		- As an example of the impact of e-commerce, the retail trade sector had sales of nearly $1,106.8 billion in the fourth quarter of 2012.
		- **E-commerce** refers to an entire spectrum of companies that market products and services on the Internet and through other technology, and the process of accessing them by consumers.

**IV. Consumer Behavior Shifts**

**A. Different Mindset**

* + - A majority of consumers who formerly acted on impulse and bought whatever they desired are now taking a very cautious approach.
		- Economic reports are now starting to show that people have begun to shift from a “cutting back” mentality to a slightly more optimistic “cautious spending” approach.
		- An interesting outcome of the recession and massive job losses is that many consumers, especially younger ones, want to have less financial obligation in the event something traumatic happens in their life related to employment and financial security.
		- Today’s consumers are also looking to save money in other ways.

**B. Expectation of Quality Service**

* + - Most customers expect that if they pay a fair dollar, in return they will receive a quality product or service.
		- If their expectations are not met, customers simply call or visit a competing company where they can receive what they think they paid for.
		- Companies recognize that if they do not meet the service expectations of customers, they lose business and revenue.
		- Thus, the superior service providers invest large amounts of money in training employees.

**C. Enhanced Consumer Preparation**

* + - Customers today are not only more highly educated than in the past, they are also well informed about the price, quality, and value of products and services.
		- This has occurred in part through the advertising and publicity by companies competing for market share and by the activities of consumer information and advocacy groups that have surfaced.
		- Hence, all business owners find that they have to continually prove the worth of their products and services.
		- They must provide **customer satisfaction** or face losing customers to competitors.

**V. The Customer Service Environment**

**A. Components of a Customer Service Environment**

* + - The six key components of a **customer service environment** are the customer, organizational culture, human resources, products/deliverables, delivery systems, and service.
		- With the exception of the customer, all of these factors are under the control of the service provider and staff.

**B. The Customer**

* + - The central component in a customer-focused environment is the customer.
		- All aspects of the service organization revolve around that crucial entity.

**External Customers**

* + - **External customers** are those people outside the organization who purchase or lease products and services.
		- This group includes vendors, suppliers, people on the telephone, and others not from the organization.

**Internal Customers**

* + - **Internal customers** are people within the organization who either require support and service or provide information, products, and services to service providers.
		- Such customers include peers, co-workers, bosses, subordinates, and people from other areas of the organization.

**C. Organizational Culture**

* + - Organization culture includes an element of an organization that a customer encounters.
		- Typically, culture includes the dynamic nature of the organization and encompasses the values and beliefs that are important to the organization and its employees and managers.

**D. Human Resources**

* + - Human resources refer to the employees of an organization.
		- To make the culture work, an organization must take great care in recruiting, selecting, training and retaining qualified people.

**E. Deliverables**

* + - The fourth component of a service environment is the deliverables offered by an organization.
		- A **deliverable** may be a tangible item manufactured or distributed by the company or a service available to the customer.
		- There are two potential areas of customer satisfaction or dissatisfaction:
		- Quality
		- Quantity

**F. Delivery Systems**

* + - The fifth component of an effective service environment is the **delivery system**—method(s) by which the product or service is delivered
		- In deciding on delivery systems, organizations examine the following factors:
		- Industry standards
		- Customer expectations
		- Capabilities
		- Costs
		- Current and projected requirements

**G. Service**

* + - Stated simply, service is the manner in which employees treat their customers and each other as they deliver their company’s deliverables.

**VI. Addressing the Changes**

* + - With all the changes, developing strategies for providing premium service that will attract and hold loyal customers has become a priority for most organizations.
		- To this end, organizations must become **learning organizations**—organizations that value knowledge, educations, and employee training.
		- In the past, organizations took a reactive approach to service by waiting for customers to ask for something or by trying to recover after a service breakdown.
		- In today’s economy, a proactive approach of anticipating customer needs is necessary and becoming common.
		- To excel, organizations must train all employees to spot problems and deal with them before the customer becomes aware that they exist.
		- If a service breakdown does occur, managers in truly customer-focused organizations should empower employees at all levels to do whatever is necessary to satisfy the customer.
		- This concept is known as **service recovery**.

# Class Activities and Sample Assignments

1. Read chapter one. (LO 1-1 through 1-6)
2. Ask students to get into discussion groups to discuss their best and worst experiences with customer service. (LO 1-1)
3. Ask students to get into discussion groups for onsite/on-ground courses, and discuss any of the questions you choose from the discussion opportunities section below. (LO 1-1 through 1-6)
4. Ask students, either alone or in teams, to visit a retail store. After visiting the store for at least 15 minutes, ask them to write a report or prepare a presentation addressing how well the company met each of the components of a customer-focused environment and what can be done if they need to make improvements. (LO 1-5, 1-6)
5. Ask students to bring in a recent newspaper or magazine. Ask students to put themselves in groups or 5 or 6. Then, using their articles, find at least four examples of socioeconomic, demographic, consumer behavior and economy articles that might impact customer service. Have them ready to present a summary of their articles and a description of how customer service can be impacted as a result of the found article. Divide students into equal groups (three or four people per group, depending on the class size) and give each group a marker and sheet of newsprint (flipchart paper) to use as they participate in the activities noted herein or in those that you develop. (LO 1-2, 1-3, 1-4)

**Discussion Opportunities**

1. In what specific ways do you see technology impacting customer service? (LO 1-4 and 1-5)
2. Which of the demographic changes discussed in the chapter has the greatest impact on customer service, in your opinion? Why? (LO 1-2 and 1-3)
3. What does great customer service mean to you? (LO 1-1)
4. Give examples of companies you think focus on all six areas of the customer-focused environment. Describe how you think the company meets all of these areas (LO 1-5)
5. This chapter discussed learning organizations. How can individuals contribute to this ideology? (LO 1-6)

**In the Real World Notes**

Every chapter has an opening, real world example of customer service. This section in the instructor’s manual will address the opening and give suggestions on initiating class discussion.

## Retail—Zappos.com

This opening discussed about Zappos.com. It was established as ShoeSite.com but soon changed to Zappos, or “shoes” in Spanish, and grew to be the Internet’s largest shoe store with sales of $1.6 million by 2000 and $8.6 million in 2001. Zappos is committed to its customer. There are many elements of the Zappos culture that make it one of the most popular retail sites on the Internet. One of these is the people who work for Zappos. Another cultural element contributing to their success is the current 365-day, 100% satisfaction guarantee, no-questions-asked free return policy. One of the points you can discuss with this opener is the fact Zappos created a different kind of workplace, which results in the better customer service. In other words, the internal policies of the company actually helped create the great customer service.

The questions and possible answers for this situation are as follows:

1. From a service perspective, how does this organization differ from other online companies that you have dealt with or have heard about?

There may be a variety of answers. Some of the answers you may see include the friendly way the call center employees use while talking with the customers, their customer service, etc.

1. What do you believe are the strengths and weaknesses of this organization? Why?

The strengths of the organization are its customer service and the orientation programs that the new hires go through.

1. How do you feel that Zappos compares to some of its major show and product competitors (e.g., Foot Locker, J.C. Penney, ShoeBuy.com, The Gap, and DSW)?

Many students will feel that one company is the same as another. Use this question as an opportunity to ask students about their experiences with customer service, particularly in the online retail industry.

1. What role do you think the CEO’s approach to creating an informal and fun corporate culture plays in the service attitude of employees?

One good way of answering this would be by taking reference to the comment made by the CEO Tony Hsieh on Zappos culture. He sums it up in a way indicating that informal and fun work environment frees up employees and motivates them to work more efficiently.

1. As a consumer, would you now consider using Zappos in the future? Why or why not?

A variety of answers can be expected here. You can ask students how much customer service would impact their decision on which online retail company to use, and compare that to price—which is more important?

# Work It Out Notes

Every chapter has several Work It Out sections which ask the students to think about the material a bit deeper and relate it to their own life. This section will provide notes for class discussion for each of these Work It Out topics.

## Work It Out 1.1*—Improving Service Quality*

This box asks students to list some of the changes related to service that students have personally witnessed in the business world. Are these changes for better or worse? Students may cite not being able to get a hold of an English speaking person when calling for technical help or too many buttons to press to speak with a real person, but they may also cite the ability to order things online, live chat and other features for a better customer service experience.

You can facilitate a discussion here on how companies can remedy the things about customer service which have gotten worse. In other words, ask them to come up with solutions, too.

## Work It Out 1.2*—Personal Exposure to the Global Trend*

This box helps students recognize the impact that the global trend of change in values has on them and their family as consumers. Students are asked to list five major products that they are their family members own, along with their country of origin. Most likely, students will find 10-15 different places.

## Work It Out 1.3*—Who Are My Internal Customers?*

This Work It Out question asks students to think about internal versus external customers. Ask students to get into groups and identify their internal customers in their current or past job. You can start by telling students that they are the external customers, whereas your program chair, dean, financial services department, registration department and other faculty would be considered internal customers. Every job likely has both external and internal customers.

## Work It Out 1.4*—Types of Service*

To complete this exercise, ask students to work in groups and brainstorm types of “service” that are provided to external customers. Then, on the board or a flipchart, have them write the top ten things they came up with and then engage in a class discussion on each. You can point out here that the intangibles are sometimes more important than the tangibles. For example, if a contractor remodels your bathroom, the service provided, including the timeliness, quality of work, and clean-up, is often as important as the work performed.

## Work It Out 1.5*—Attracting and Training Employees*

This box looks at some of the things companies use to attract good quality workers besides compensation. In a down economy, companies generally have to offer less to attract people but often do provide attractive benefits to keep current people happy. Things such as signing bonuses, relocation packages, telecommuting and flextime options are the norm, while on the extreme; some companies provide day-care services and concierge service to employees.

**End-of-Chapter Material Notes**

## Key Terms

* Broadband Internet access (p. 14)
* Business-to-business (B2B) (p. 20)
* Cottage industries (p. 8)
* Customer-focused organization (p. 7)
* Customer relationship management (CRM) (p. 7)
* Customer satisfaction (p. 30)
* Customer service (p. 6)
* Customer service environment (p. 30)
* Deliverables (p. 36)
* Delivery system (p. 36)
* Deregulation (p. 21)
* Downsizing (p. 15)
* E-commerce (p. 27)
* External customers (p. 31)
* Globalization (p. 20)
* Human resources (p. 33)
* Insourcing (p. 21)
* Instant messaging (p. 14)
* Internal customers (p. 31)
* Learning organizations (p. 37)
* Networking (p. 15)
* North American Free Trade Agreement (NAFTA) (p. 22)
* Offshoring (p. 21)
* Onshoring (p. 39)
* Organizational culture (p. 32)
* Outsourcing (p. 21)
* Product (p. 6)
* Service economy (p. 9)
* Service industry (p. 6)
* Service recovery (p. 37)
* Service sector (p. 8)
* Skype (p. 14)
* Small Business Administration (SBA) (p. 38)
* Social media (p. 14)
* Telecommuting (p. 14)

**Review Questions**

1. What is service?

Service is defined as the ability of knowledgeable, capable and enthusiastic employees to deliver products and services to their internal and external customers in a manner that satisfies identified and unidentified needs and ultimately results in positive word-of-mouth publicity and return business.

1. Describe some of the earliest forms of customer service.

Doctors visiting their patients’ homes (as opposed to the sick patients having to go into the doctor’s office) or door-to-door salespeople peddling goods are examples of the earliest forms of customer service.

1. What are some of the factors that have facilitated the shift to a service economy?

Some of the factors that have facilitated the shift to a service economy are expectations of customers, changes and shifts in consumer behavior, and use of technology in customer service transactions that used to be done face-to-face.

1. What have been some of the causes of the changing business environment in recent decades?

Some of the causes of the changing business environment in recent decades are globalization, population shifts, geopolitical changes, more white collar workers, and less focus on industries such as farming and mining.

1. Describe the impact of a company’s culture on its success in a customer-focused business environment.

The entire company must be trained on the service culture and it must resonate through all aspects of the organization. It should be part of the mission statement as well.

1. What role does the human resources element of the customer service environment play in customer satisfaction?

People tend to be happier when they feel the compensation is fair. In addition, the human resources aspect in recruiting, hiring and training is important to creating satisfied customers.

1. What two factors related to an organization’s products or deliverables can lead to customer satisfaction or dissatisfaction?

There are two potential areas of customer satisfaction or dissatisfaction—quality and quantity. If your customers receive what they perceive as a quality product or service to the level that they expected, and in the time frame promised or viewed as acceptable, they will likely be happy.

1. When organizations select a delivery method for products or services, where do they get information on the best approach to take?

Organizations examine the following factors: industry standards, customer service expectations, capabilities, costs, and current and projected requirements.

1. What are the six key components of a customer service environment?

1. The customer

2. Organizational culture

3. Human resources

4. Products/deliverables

5. Delivery systems

6. Service

1. Why are many organizations changing to learning organizations?

To excel, organizations must train all employees to spot problems and deal with them before the customer becomes aware that they exist. Every employee must take personal responsibility for customer care. If all employees assume ownership for continuous product and service quality improvement, their organization can flourish.

**Collaborative Learning Activities**

* + - 1. Walk around the room as this discussion takes place to insure students stay on topic. Ask probing questions to each group as you walk around, such as:
* Do you think schools provide good customer service?
* How can schools get better (while staying in budget) at providing good customer service?
* Who should be responsible for the success of schools?
	+ - 1. Walk around the room as this discussion takes place to insure students stay on the topic and answer the following questions:
* Based on what you read in this chapter, what factors might be affecting survey recipients?
* How do the statistics shown in this study analysis potentially impact service organizations?
* How do you see these responses personally impacting you in the future?
	+ - 1. Walk around the room as this discussion takes place to insure students stay on the topic and answer the following questions:
* What additional competencies do you feel are necessary to be successful when working with customers?
* Do you believe each of these competencies is crucial or not?

## Face to Face*—Getting Ready for New Employee Orientation at PackAll*

This situation asks the student to imagine they have been hired at PackAll and are about to attend an orientation. The orientation will address service culture, policies and procedures, techniques for handling customers, and specific job skills and requirements. The following questions are asked of the students:

1. What interpersonal skills do you currently have that will allow you to be successful in your new position?
2. What general questions about handling customers do you have for your supervisor?
3. If a customer asks for a service that PackAll does not provide, how will you handle the situation? Exactly what will you say?

The answers will vary depending on the student. Consider asking students to work on this by themselves, then share answers with small groups. The most interesting question is number three, as it concerns how situations are handled when someone has not been trained. Ask students to share strategies used in their current jobs to handle customers who are difficult or challenging.