



NIIT TECHNOLOGIES'
"NEW IDEAS" REVOLUTION

How a Global IT Solutions Company is Creating a Culture of Delivering Exceptional Value to Customers

NIIT Technologies Ltd is a global IT solutions organization headquartered in Noida, India. With more than 10,000 employees and a presence in 18 countries, it offers a robust portfolio of services to large clients in many industries including travel and transportation, banking and financial services, manufacturing, media, and government.

NIIT Limited (NIIT Ltd) pioneered the concept of computer training in India. As it established the foundations for nation-wide IT literacy, NIIT Ltd drew under its umbrella both individual learners and corporate learning organizations.

Seeing corporate customers grapple with complex IT deployment issues sparked a desire to go beyond NIIT Ltd's original training mandate to help these organizations understand their growing IT needs, choose appropriate new technologies, and assist in implementation projects. NIIT Ltd thus created an IT software and services line of business to address these growing demands, and then spun-off this division as an independent entity with the name NIIT Technologies (NIIT Tech) in 2004.

NIIT Tech grew rapidly over the next 4 years by sharply focusing on a few industry segments and competing on the strength of its specialization. During the economic slow down of 2008-2012 the company embraced domestic government business and came through the crisis significantly stronger. In the following years the company continued to grow by securing even larger contracts in multiple geographies through

NIIT TECHNOLOGIES AT A GLANCE

Founded in 2004

Consolidated revenue for
FY2015: INR 23,725 million
= 388 Mn USD

Clients and operations in
Americas, Asia, Australia,
Europe, and Middle East

Services include Application
Development and Maintenance,
Infrastructure Managed Services,
Digital Services, Business Process
Management and Geographical
Information Services

Over three years:
100% gain in share price
55% points gain in customer-facing ideas
16% points gain in employee engagement
6% points gain in Net Promoter Score



“Our greatest strength is our culture, a change we embarked on to address the changing expectations of our clients. The culture aims to ‘uplift service levels’ of all employees in all parts of the organization. This is being accomplished through a structured intervention which includes education of the entire work force. Our service vision ‘*New Ideas, More Value*’ fosters a culture that promotes innovation and constantly seeks to find new yet simple ways to add value for our customers.”

Arvind Thakur, CEO, NIIT Technologies



Chairman Rajendra S. Pawar and CEO Arvind Thakur with Ron Kaufman affirming the creation of “*New Ideas, More Value.*”

innovative deal structures, and through careful acquisitions in key markets including Germany, the UK and the Philippines.

NIIT Tech is quick to spot emerging trends and has created strong capabilities in digital technologies to serve its expanding base of customers. The company was an early adopter of ISO 9000 and committed to global quality standards to further strengthen its credentials among discerning customers worldwide.

The Challenge

By 2012, NIIT Tech was widely viewed as a reliable company with excellent talent. The company was trusted to deliver well on clearly defined Service Level Agreements (SLAs). But the future was changing for NIIT Tech and for the IT industry as a whole.

The original value proposition for the Indian IT software and services industry was primarily cost arbitrage; providing reliable services to offshore customers at lower cost than they could achieve with their in-house IT departments and teams. However, while cost remained important, customer expectations were rapidly changing. To continue on a path for growth, NIIT Tech needed to deliver more than low-cost reliability. NIIT Tech’s customers often “did not know what they did not know” – and now needed their technology partners to advise them on new problem definitions and new technical solutions, and even to propose innovations not yet imagined or understood.

Arvind Thakur, CEO and Joint Managing Director of NIIT Tech explained, “Our customer’s customer

is driving change as expectations rise and new possibilities emerge. Disruptions create discontinuities, and discontinuities create new opportunities for our customers. But now we need to tell our customers what they could do and should do, instead of waiting for them to simply tell us what they want.”

In this changing world, IT companies are expected to engage with customers as value-adding partners, bringing new ideas and new value into the customer’s business. While other IT solution providers were serving customers with this new partnership model, NIIT Tech’s employees were still focused on delivering low-cost solutions and meeting Service Level Agreements.

In light of this sea change of rising customer expectations and nimble competition, NIIT Tech’s leaders realized it was time to intentionally disrupt the company’s status quo. There was plenty of room for profitable growth for mid-segment companies who could prove themselves as value-adding partners.

NIIT Tech’s leaders wanted to fill that role. They wanted to differentiate the company as true partners for the future, being seen and respected as value-adding advisors and IT experts whose employees created increasingly valuable outcomes for their customers, and their customers’ customers. Only by embracing this new way of thinking and acting would the company continue to grow into the future with increasing revenues and profits.

Learning from the Past to Create a New Future

NIIT Tech’s leaders understood that a fundamental shift in employee

thinking and behavior was required. NIIT Tech’s employees were good, nice, and reliable people, but they weren’t accustomed to thinking innovatively. And only a revolution that included every employee in every location at every level of authority would change this established culture of the organization.

NIIT Tech’s leaders took the idea of a fundamental culture shift very seriously. In fact, there was a strong precedent for implementing behavior shifting initiatives in the parent company NIIT Ltd. In the 1990s, NIIT Ltd had worked with Philip Crosby to implement a Personal Quality Initiative across the enterprise. It proved to be a big success, with each person in the company trained to identify waste reducers and activity expanders and to change their personal habits. Personal Quality is still a strong value and practice throughout the company, years later.

Also, in the realm of innovation, NIIT Ltd and NIIT Tech had engaged Dr. Edward De Bono in 2008 to conduct sessions for senior leaders on Lateral Thinking and Six Thinking Hats. Later in the same year, they engaged Dr. David Tanner to conduct workshops and Train-The-Trainer sessions to develop Facilitators for Creative Problem Solving. However, unlike the Personal Quality Initiative with Crosby, this creativity initiative was not driven in a focused manner with a central steering committee, top level support, action-based task forces, or ongoing reviews. Thus, despite considerable investment, the innovation initiative delivered less than expected.

These prior experiences with whole-culture change movements helped NIIT Tech’s leaders understand



what they must do to succeed with another substantial culture shift – this time aimed at delivering more beneficial service to customers through innovative advice with corresponding increases in value. This cultural shift could not be a mere training exercise or simple “vision statement” renewal. NIIT Tech’s leadership team knew this would require a focused and well-supported multi-year journey. The entire company would need to persevere while implementing this new initiative in a thorough and methodical fashion.

Setting the Revolution in Motion

NIIT Tech reached out to Uplifting Service (UP) in 2012 after hearing about the firm’s engagement with Nokia Siemens Networks (NSN). In September of that year, Ron Kaufman, UP chairman and founder, met with 19 members of NIIT Tech’s senior management team for a Service Leadership Workshop on the topic: *Building an Uplifting Service Culture for Sustainable Competitive Advantage*.

UP defines service as *taking action to create value for someone else*. This definition resonated clearly with NIIT Tech’s top team who, combining it with their aspiration to become value-adding partners, created the new service vision “*New Ideas, More Value*”. This short yet clear and motivating phrase would become the clarion call of NIIT Tech’s cultural revolution; a bold commitment to constantly generate new ideas, and convert those ideas into greater value for customers.

NIIT Tech built momentum quickly with the proven UP methodology for creating service revolutions. First,



NEW IDEAS, MORE VALUE.

the company involved everyone in all roles and functions and not only customer-facing members of the team. Under the UP definition of service as *taking action to create value for someone else*, every team member in every role is a service provider. Only with each person taking responsibility to generate ideas could a service culture be created and sustained. Second, NIIT Tech applied the UP principle of “Go Big and Go Fast”, bringing the “*New Ideas, More Value*” revolution to a large percentage of the company’s employees in a very short period of time.

On December 1, 2012, at NIIT Tech’s Annual Day, the CEO made a bold declaration. Mr. Thakur said, “All of you are aware that the economic environment is tough, and client organizations in each of our segments of focus are experiencing challenges. They are eager to engage with partners who deliver more value to their business. Our good run in business can be sustained only if we quickly adapt to the service vision and make this theme of ‘*New Ideas, More Value*’ a reality. This is not just a good thing to do, but going forward will be fundamental for our sustained growth. I look forward to your support in making it happen.”

The UP Service Culture Architecture

Building and maintaining a superior service culture requires more than inspiring speeches and good intentions. It requires a foundation of proven principles and practices that enable aligned actions to be taken and unified messages to be reinforced throughout the entire organization. Without this enduring foundation, positive change happens sporadically and inconsistently – and quickly runs out of steam. Early enthusiasm tends to fade as shot-in-the-arm exhortations wane and employees revert to business as usual.

Realizing the value of using an effective and long-term approach, NIIT Tech’s leaders vigorously applied the UP Service Culture Architecture as their framework for engineering this vital company-wide initiative. This methodology would keep leaders engaged, facilitate educating employees on how to improve their service, and constantly reinforce the company’s “New Ideas, More Value” service vision with new activities, policies, and practices.

Education, and The 12 Building Blocks of Service Culture.

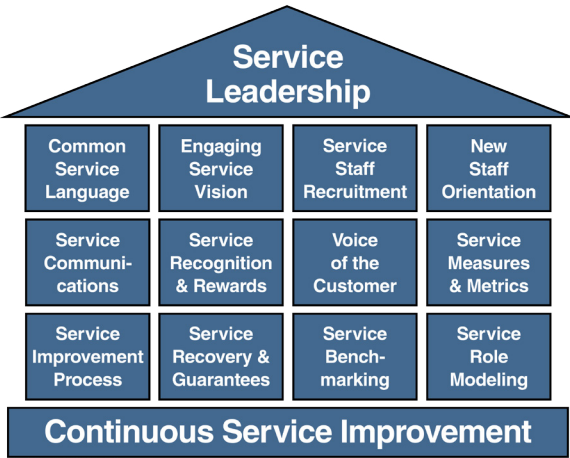
Aligned Service Leadership

At the top of this architecture is the essential need for an aligned and effective Service Leadership team. Without unwavering support from the CEO and other top leaders, and without the ultimate goal of everyone inside the organization becoming a service leader, an uplifting service culture cannot be developed and sustained.

As NIIT Tech’s in-house magazine, *Spectrum*, explained in the March 2013 edition, “Going forward, the aim will be to build ‘service leaders’ – people who believe that service is our first priority, role models who ‘walk the talk’, who build the language and ‘talk the talk’, who set clear measures for service success, who enable and empower their teams, who identify and remove roadblocks and sustain focus and enthusiasm for the initiative.”

Immediately after the Service Leadership Workshop with Ron Kaufman, NIIT Tech also created a Steering Committee to ensure the success of this culture-building program. The CEO took on the role of Chairperson. The Steering Committee also included the COO, the Head of Human Resources, the Head of Delivery, the Head of Marketing, and a highly experienced and dedicated facilitator who came across from NIIT Ltd specifically to spearhead this cultural initiative. The Steering Committee met once every quarter to discuss progress and challenges and to chart the way forward, consulting frequently with UP for input and ideas.

Underscoring the importance of



The UP Service Culture Architecture includes three core elements: Aligned Service Leadership, Actionable Service



leadership's vital role, NIIT Tech integrated the *"New Ideas, More Value"* initiative into its high potential leadership development program, the Chairman's Quality Club (CQC). The CQC is a fast-track development opportunity for 15-20 people handpicked from around the globe each year. Being selected for the CQC is one of the company's highest honors. These high potential employees work closely with the Chairman, the CEO, and other top leaders for a full year on key issues facing the organization. CQC has been the vehicle for introducing organization change initiatives in the company since the first group was awarded in 1992.

The CQC meets at three off-site conferences during the year and is divided into project sub-teams to work on assigned projects. The company chairman and CEO join these conferences to hear what each team has learned and to form consensus on which initiatives will be implemented. These conferences also provide a unique opportunity for one-to-one coaching of high-potential staff by the company's most senior leaders.

NIIT Tech chose the 2013 CQC members as the first group to be certified to deliver UP Actionable Service Education Workshops to other employees. In addition, each of The 12 Building Blocks was assigned to a sub-team of CQC members who were tasked with studying NIIT Tech's current practices and recommending improvement strategies. The CEO conducted periodic reviews of these projects and made investment and implementation decisions along with the CQC and Steering Committee members.

When the 2014 CQC group was

identified, they were similarly certified to lead UP workshops and assigned to work on selected Building Blocks. And once again in 2015 the CQC team was selected, certified to lead UP workshops, and continued with Building Block projects to reinforce the *"New Ideas, More Value"* service culture.

By following this consistent approach, NIIT Tech's highest performing employees were deeply involved for three years in a row - a major investment of time and talent and a highly visible demonstration of the company's commitment to creating a successful service revolution.

Actionable Service Education

At the base of the UP Service Architecture is the foundation of Actionable Service Education; an essential commitment to provide all employees with new learning to achieve continuous service improvement. At NIIT Tech, every employee in every division needed to learn a new service toolset and discover a value-adding mindset.

Every employee needed to understand these principles to consistently generate new ideas and more value for their customers and their colleagues. Whether working for key accounts or working on internal teams, the principle of constantly uplifting service was crucial for everyone to apply.

In addition to CQC members, 40 more senior employees were certified as Course Leaders to facilitate a customized version of the two-day *Achieving Superior Service workshop*. While most of these selected employees

had never worked as teachers or trainers before, they brought valuable organizational knowledge and a deep passion for service to their new role. Working quickly to “Go Big and Go Fast”, NIIT Tech conducted this two-day workshop for 10,000 colleagues over a three year period.

The UP methodology for Actionable Service Education does not focus on training employees to rigorously apply approved scripts, procedures, or standards. Rather, the UP approach helps people discover what their clients and colleagues value most, and then propose creative new actions to deliver even more value for them in the future. Service Excellence at NIIT Tech is bringing the service vision of “*New Ideas, More Value*” to life.

NIIT Tech’s Course Leaders began by educating all front and back-office employees who worked on the company’s top seven client accounts. This generated many new ideas and action plans that quickly delivered more value for these selected clients. These workshops were so successful in creating new value that leaders of other client teams quickly asked for the Achieving Superior Service workshops for their own team members around the world.

The 12 Building Blocks of Service Culture

Joining Service Leadership and Actionable Service Education is a set of 12 important and interconnected “Building Blocks.” These represent the activities, practices and systems inside an organization that work together to align and support a service culture. NIIT Tech worked with UP to customize this framework

to support the organization’s cultural needs.

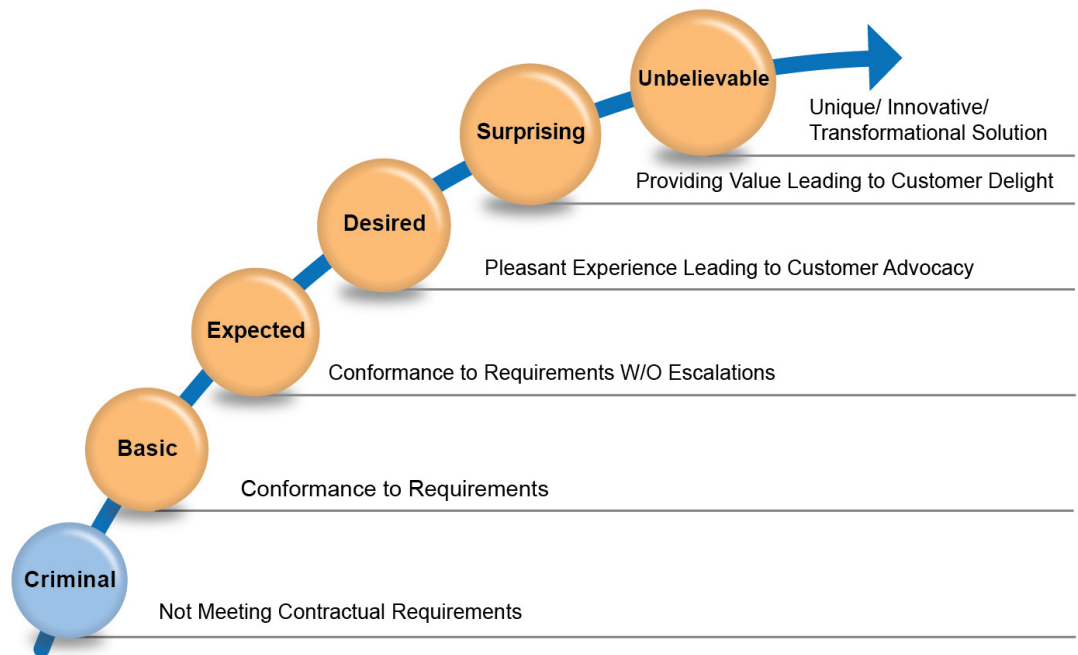
For example, the first Building Block is *Common Service Language*. Inside every organization, leaders, managers and frontline staff talk about service every day, but they don’t always use the same language between functions and departments. This can make coordination more difficult to achieve, across divisions and between levels of authority. The result is inconsistency in the quality of service provided to customers and to internal team members, and frequent misunderstanding about the source and the solution.

NIIT Tech leaders worked carefully to establish a common service language through the Actionable Service Education program. For example, NIIT Tech rearticulated the UP Six Levels of Service into language that describes the experience the company is committed to delivering for each and every client.

Building Block: Service Improvement Process

The centerpiece of NIIT Tech’s culture change initiative was to encourage people to continuously generate new ideas that would add more value for customers. Thus, in parallel with UP Actionable Service Education, a collaborative virtual platform and “idea engine” was launched. This engine, called IGNITE, was hosted on an internal microsite to track and communicate ideas generated from the Achieving Superior Service workshops.

The IGNITE platform allows any employee to submit any idea to create and deliver more value to NIIT Tech’s clients. The IGNITE



UP Six Levels of Service adapted to NIIT Technologies

platform and process was first piloted for two project teams with approximately 500 members. Based on learning from the IGNITE Pilot Cycle, changes were made to the engine and the process, and IGNITE Cycle One was launched across the company in July 2014.

An IGNITE Cycle functions with a four step process:

1. Leaders of a client account identify what's important to the client and use IGNITE to propose and solicit ideas around specific campaigns. Campaigns are pre-selected themes for key clients, and new ideas are solicited specifically for those themes.
2. An idea generation "time box" – typically two to three weeks – is established. Everybody working on the account is encouraged to submit ideas for these campaigns during this agreed upon time. Employees may also vote ideas up or down, and give comments to make the idea even better.

3. After the agreed time, an idea evaluation board looks at every idea and decides which to select and move forward towards implementation.
4. Selected ideas are treated as "mini projects" with a plan and funding. The author of the idea may also choose to be part of the implementation process.

Each IGNITE Cycle is an evolution benefitting from the earlier Cycles. IGNITE Cycle One focused on "Number of New Ideas" raised and implemented, IGNITE Cycle Two focused on "Customer-Facing Campaigns", and IGNITE Cycle Three focused on "Customer Value Creation".

Every employee who submits an idea to IGNITE receives an appreciation email. When an idea is accepted by the evaluation committee, a personalized coffee mug is given in recognition. When an idea is implemented, the employee who suggested the idea receives "Crown Points" which can

be accumulated and redeemed for a variety of gifts. The top award given by NIIT Tech is “The Ignited Shield”, which is presented to the team with the best campaign implemented.

NIIT Tech wanted to know quickly whether its efforts to create a stronger service culture were working. Thus, it focused on measuring leading indicators: the number of new ideas being generated and implemented.

Traditional measures like higher profits, higher customer satisfaction scores, or an increase in customer compliments are good, but they are lagging indicators of cultural change. To gauge the early success of a service revolution, and to stoke employee enthusiasm quickly, these traditional measures come too late.

The IGNITE program, which has been popular with employees from the beginning, provides two early indicators of success. First, tracking the number of new ideas is a quantitative indicator of the culture shift towards “*New Ideas*”. Second, the IGNITE platform enables employees to follow the implementation progress of selected ideas, assuring everyone that generation of “*More Value*” is in process.

NIIT Tech’s CEO acknowledged the practical value of this approach stating, “These value-creating initiatives helped us create stronger bonds between our customers and NIIT Tech teams. Today, when customers require additional resources onsite or offshore, they are more likely to select NIIT Tech in good faith and without going through a multi-level vendor selection process.”



NIIT Tech CEO with IGNITED Award Winners

Building Block: Service Recognition and Rewards

In addition to giving employees a way to generate and submit service ideas, NIIT Tech leaders knew they must encourage and reinforce this behavior. Hence, simultaneously with the launch of IGNITE, a rewards and recognition framework named INSPIRE was created.

INSPIRE is a multi-category, multi-method rewards and recognition program designed to encourage employees to contribute to the realization of the “*New Ideas, More Value*” service vision. With six unique categories, employees, colleagues, supervisors, and customers can express their appreciation to NIIT Tech’s individuals and teams.

- *Keep It Up! Awards* are given by colleagues to colleagues as an instant appreciation for value created through service attitude or innovative solution.
- *Pat on the Back Awards* are given to subordinates by supervisors and managers to recognize day to day accomplishments in creating customer delight.
- *Technovator Awards* are quarterly awards conferred on individuals who have made outstanding



contributions which enhance the business and increase revenue through innovative use of technology.

- *Value Champion Awards* are given to individuals who have made outstanding contributions by consistently proposing new ideas to create more value for customers.
- *Customer's Choice Awards* are given with customer's endorsement to teams and individuals who have displayed exceptional customer service and delivered the highest levels of value and customer delight.
- *ACE of the Quarter Awards* are bestowed upon individuals from the Sales and Business Development function to those who create new value for NIIT Tech through expansion of existing accounts through cross selling, selling new services lines, or selling integrated multi-services.

As the August 2013 issue of *Spectrum* explained, "INSPIRE motivates and enthuses each one of us to get going. It rouses us, gets us excited about our work and performance, aiming for the spotlight of adding value, and most importantly, acknowledging the good work that our peers are doing."

Building Block: Service Role Modeling

When a company asks people to change their behaviors, it is important to help them understand what the desired new behaviors look like. NIIT Tech's first attempt to accomplish this was a "Role Modeling" campaign launched in September 2013.

Supervisors were asked to nominate role models of service excellence who would then be spotlighted in a mass mailing to employees. But early attempts to identify and showcase role models fell flat. At first it was hard to get nominations at all. Then it became clear that people who worked hard and put in long hours were being nominated, not necessarily those employees who were demonstrating innovative new ideas and creating more value.

Also, feedback showed that some employees did not understand how to translate the service tools and principles learned in the *Achieving Superior Service* course into their daily work.

When NIIT Tech's leaders saw these gaps in the Role Modeling campaign and Actionable Service Education program, they "stepped up" to add more clarity with the Behavior Traits campaign.

This fun and creative initiative gave employees very specific examples to describe the new behaviors NIIT Tech wanted from their employees – behaviors that would support the service culture and would be recognized and rewarded.

First, NIIT Tech's leaders identified five key behavior traits:

- **Think Customer**
- **Challenge Status Quo**
- **Unleash Ideas**
- **Improve Continuously**
- **Take Ownership**

Then, NIIT Tech launched a new Behavior Trait campaign. Each behavior trait was described and illustrated with videos, mass mailers, clever posters, computer wallpapers, and even Hollywood and Bollywood movie clips. In addition to these

communication tools, leaders held staff gatherings and “Town Hall” sessions to discuss and clarify the behaviors and share success stories.



highlighting the “Crown Points” they received, and the recognition lunches they enjoyed with their leaders and the company’s CEO.

Building Block: Service Communication

Throughout this creative and company-wide initiative, NIIT Tech spread the message through multiple communication avenues. The “*New Ideas, More Value*” vision statement became a key theme throughout the company and was promoted vigorously in external client-facing communications, including as a tagline on the core brand image worldwide. By sharing this service vision openly with clients, NIIT Tech stated boldly – internally and externally – their commitment to achieving excellence in value-adding service.

Front line managers were given “toolkits” to hold team sessions that encouraged participation and enabled widespread engagement. The resulting lively discussions, supported with the fun and meaningful materials NIIT Tech had created, helped employees understand the behaviors that would create a company-wide culture of uplifting and value-adding service.

Internal communication vehicles included the NIIT Tech newsletter *Spectrum*, as well as mass mailers, posters, and email campaigns. Even an artwork campaign was created for employees to submit and then showcase artwork reflecting the new service culture. Many of these chosen pieces hang proudly in the corridors of NIIT Tech’s corporate headquarters today.

Now the company was ready to align Role Models with Behavior Traits and ask people to nominate peers or supervisors who exhibited these vital behaviors. This approach elicited much better results than the first attempt to seek such nominations.



The Role Models who demonstrated these Behavior Traits were celebrated through communications detailing their accomplishments,

Positive Results

A massive cultural shift takes time.



It's a journey and "lagging indicators" can take years to fully manifest. Yet by measuring leading indicators such as increases in number of new ideas submitted by employees, NIIT Tech has enjoyed a reassuring picture of a revolution in progress.

Since the NIIT Tech cultural revolution began in 2013, the number of customer-facing campaigns in IGNITE have increased from 44% in Cycle 1 to over 99% in Cycle 3. As the percentage of customer-facing ideas has increased, the number of ideas selected for implementation has also grown from 21% to more than 60% of total ideas submitted. Furthermore, almost 50% of selected ideas are implemented within 6 months. And in many accounts, customers have become intimately involved in choosing and implementing new ideas.

With everyone in the organization completing the *Achieving Superior Service* course, a common service language is now in place and the five Behavior Traits have taken hold.

Building Block: Voice of the Customer

In 2015, two years after the launch of their cultural revolution, NIIT Tech engaged an external company to meet with 61 executives in 30 of

their key client accounts based in US, Europe, and APAC to obtain candid "Voice of the Customer" feedback and to understand whether there had been any perceived improvement in the company's image as a value-adding technology partner.

The exercise indicated that NIIT Tech's top 10 customers are now most likely to see NIIT Tech as a strategic advisor. Key accounts in North America saw "Net Promoter" scores grow by 6 percentage points over one year. NIIT Tech's ability to proactively bring ideas to the table to solve business challenges was seen as definitely improving, and clients have expectations of more value to come.

Looking to the future

NIIT Tech continues to take steps to sustain its momentum for the "*New Ideas, More Value*" service vision. For example, leaders have now tasked UP Uplifting Service Leaders in each Business Unit to work with its Business Unit heads on monthly planning, tracking, and strategizing for further improvement.

IGNITE cycles and campaigns continue to be launched to solicit new ideas focused on specific areas of need. The company is now



preparing “refresher campaigns” to ensure that leaders and employees at all levels keep their service vision top of mind.

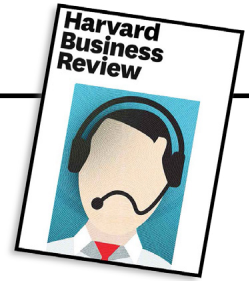
which improved of 6 points, and ‘my ideas and opinions count at work’ which increased by 4 points.

The positive impact of this cultural revolution has been felt by customers and by the company’s employees. Overall Employee Engagement Survey scores, already above industry average, grew by 3 percentage points within two years of launching the “*New Ideas, More Value*” program. Within this Survey, scores linked directly to the service improvement initiatives include – ‘getting enough opportunities to give my best every day’ which jumped by 16 percentage points, ‘getting regular appreciation and recognition for good work done’

NIIT Tech’s CEO has summarized the company’s progress to date, and the challenges ahead. “We are very satisfied with the progress made so far. We know that changing the culture of a global organization is a massive undertaking and we are fully committed to seeing the initiative through. Even when the formal initiative is over, we know the journey to being a value-adding service partner will never end. It is critical to constantly “step up” the level of service we provide. Clients expect nothing less from us – and we expect nothing less from ourselves.”

10 Lessons Learned from NIIT Technologies’ “*New Ideas More Values*” Cultural Revolution

1. Service is a call to action to create value in all situations with customers and colleagues.
2. Creating a service culture is not just training. It is a shift over time impacting all people, processes, and practices.
3. Momentum is a powerful force for a successful revolution. “Go Big and Go Fast” from the beginning – and keep moving quickly.
4. A Common Service Language and Engaging Service Vision are needed for employees in different geographies, functions, and departments to understand each other and build an uplifting service culture.
5. Senior leaders must drive culture change as a long-term initiative. Leaders must be involved and accountable for actions and results.
6. Uplifting service is everyone’s job. Every employee must learn new tools and principles to achieve real change. Back-office and support functions have tremendous impact on service delivered to external clients.
7. Ensure team members understand specific behaviors needed for success.
8. If a culture-building tactic isn’t achieving results, stop doing it. Go back to the drawing board and re-work or re-invent your approach. Create new campaigns to keep change moving, interesting, and relevant.
9. When building a service revolution, measure leading indicators of success. Don’t wait for lagging indicators to recognize progress.
10. Building an uplifting service culture is a constantly evolving project. Plan early to create your next phase of success.



MARKETING REVOLUTIONIZING CUSTOMER SERVICE

Dramatic turnarounds require counterintuitive strategies.

Getting customer interactions right has never been more important, especially since social media has given unhappy customers a louder voice. Many companies want to raise their level of service, but the question is, How?

The typical response is to rewrite frontline employees' scripts and conduct pilot projects. Those tactics may lead to incremental improvement, which is fine for a company whose customer service operation is functioning reasonably well. But if the operation is badly broken, or the company's industry is being disrupted and customers suddenly have a wider array of choices, **Jochen Wirtz and Ron Kaufman, Singapore-based researchers and consultants, recommend deeper cultural change.** On the basis of 25 years of work with global customer service operations, they suggest jettisoning four conventional practices, singly or in combination.

Don't start with customer-facing employees. Instead, make sure they get enough support. After all, customer service reps usually understand the importance of satisfied customers; often the real problem lies with logistics, IT, or some other back-end function that isn't meeting frontline colleagues' needs. When that's the case, efforts to retrain customer-facing employees may waste time and generate frustration. So include everyone in service training, and focus special attention on internal service providers.

In 2009 Nokia Siemens Networks initiated a training program for its frontline sales and service reps, to little avail. Their efforts to be more responsive to customers depended on

Highly scripted employees are often less able to be imaginative or empathetic about a customer's true needs.

greater responsiveness from the company's software developers and factory employees, who saw little reason to change and deemed many of their colleagues' requests unreasonable or unnecessary. After several unproductive months, the firm included those functions in the training program as well. Over the ensuing year its satisfaction scores rose by as much as 20% among key customers.

Don't focus training on specific skills or scripts. Educate employees more generally about what "service excellence" means.

Companies spend vast sums training employees to follow procedures and flowcharts when interacting with customers. ("If the customer says X, respond with Y.") They may then monitor phone calls or use "mystery shoppers" to ensure adherence to the new rules. But highly scripted employees are often less able to be imaginative or empathetic about a customer's true needs.

A better approach is to persuade employees to commit to a holistic definition of service: creating value for others, outside and within the organization. Teach them to first appreciate customers' concerns and only then to take action. They should continually ask themselves, Who am I going to serve, and what do they need and value most?

Naiade Resorts, based in Mauritius, was struggling with low occupancy rates and mounting losses when the global recession hit. Paul Jones, who became its CEO in 2010, rebranded the company as LUX Resorts and initiated a focus on creative personalized service. Instead of training workers to take specific actions, he launched an educational program aimed at getting them to anticipate and understand guests' priorities and maximize service opportunities. Two years after the initiative began, four of the five LUX properties in Mauritius were on TripAdvisor's Top 10 list for that country. Financial results followed suit, with revenue, earnings, and profits all increasing by more than 300% over three years.

Don't pilot changes. Conventional wisdom calls for limited experiments that, if successful, are later rolled out more broadly. That can work for small tweaks, but for

THE IDEA IN PRACTICE

“PEOPLE WONDERED, IS THIS GUY NUTS?”

Paul Jones is the CEO of LUX Resorts, which owns luxury hotels in Mauritius, Maldives, and Île de la Réunion. He spoke with HBR about revamping customer service to turn around an ailing operation. Edited excerpts follow.

Your company faced high debt, low morale, and a global recession. Why focus on service? When your properties need upgrades and you're struggling with cash flow, how do you make a difference? People are the key. Our business is largely unsupervised, so you've got to instill in frontline providers the mindset that service comes naturally and from within. Once we did that, we started gaining traction. We've been able to grow room

rates, and gradually we are investing back into the properties.

What did the initiative consist of? We involved everybody on all our sites—3,000 people—talking about where we were going and how to get there. It gave people the confidence to be proactive, not reactive—to go to any lengths to help guests celebrate life. We also had “innovation challenges” to encourage employees

to come up with ideas for differentiating our service and boosting team spirit.

Can you give an example?

To increase staff loyalty, we brought their children together for a week of activities—fitness, things around the environment—culminating in a presentation for the parents. It's a small thing, but it really enhanced morale. And I see that reflected in the response from our guests—on TripAdvisor and other platforms, they talk not just about the hotels but about our team members. That tells me we're on the right track.

What was the biggest challenge? The initial part was the toughest—I think people wondered, Is Jones a bit nuts? Once you start

seeing results, it becomes easier, because people buy in wholeheartedly. Now that we're into year five and in a leadership position, the challenge is to not get self-satisfied. You cannot sit back and say, “We're done.” You're never there.



more-sweeping reforms, firms must create momentum fast and set their sights high.

In 2012 Air Mauritius could ill afford gradual change: In addition to \$30 million in losses, poor customer service ratings, and low staff morale, it faced union dissatisfaction, heightened competition from Middle Eastern airlines, and unfavorable exchange rates. The new CEO, Andre Viljoen, knew that his goals—a return to profitability and a four-star rating—required him, in the researchers' words, to “go big and go fast.” He held leadership workshops for top managers, “train the trainers” programs for selected employees, and a two-day course in service problem solving for all workers. A cross-functional team conceived and implemented new actions, including improved meal and liquor service and in-flight entertainment, better onboard provisions for children, and a new airport lounge. Not only were Viljoen's profitability and rating goals met, but Air Mauritius made the Skytrax “Top 10 Most Improved Airlines” list,

the ratio of customer compliments to complaints rose by a factor of 12, and employee turnover dropped below 5%.

Don't track traditional metrics.

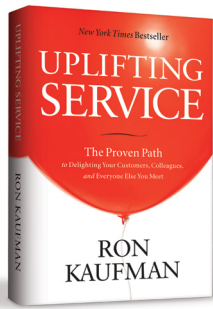
Instead of worrying about typical customer satisfaction measures such as share of wallet and net promoter scores, organizations should look at the number of new value-adding service ideas put into practice. It's not that conventional metrics are unimportant, the researchers say, but because they are “lagging indicators,” they can bog down efforts to achieve rapid, dramatic change.

For years Nokia Siemens Networks measured customer satisfaction with a survey—one that eventually ballooned to more than 150 questions and produced far more data than the firm could understand or use. “So we started over,” says Jeffrey Becksted, the former global head of service excellence. In 2010 the company ditched the quantitative approach and asked clients for open-ended evaluations of the most recent service month and

desired service actions for the month ahead. The shift changed employees' focus: Instead of trying to hit a specific satisfaction score, they brainstormed ways to make customers happier. Says Becksted, “It doesn't matter how well you've done as much as it matters how [the client] sees you in the future.”

Not every company requires the dramatic overhaul that these approaches aim to achieve. At Disney, Zappos, and Ritz-Carlton, for example, service excellence already pervades every level. And counterintuitive approaches generally won't work if top leaders aren't firmly behind them. “It's no coincidence that many of these projects were initiated by a new CEO,” Wirtz and Kaufman note. But for companies looking to differentiate on service, whether because of competing products, squeezed margins, or changing consumer expectations, these strategies can make the difference between slow, temporary progress and rapid, sustainable success. ▀

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Uplifting Service enables organizations to quickly upgrade service performance and secure a sustainable advantage by building an uplifting service culture. Its methodology aligns, integrates, and accelerates organizations in three essential areas: Service Leadership, Service Education, and The 12 Building Blocks of Service Culture. This proven approach leads to an action-oriented culture empowering everyone to delight customers and colleagues with consistently uplifting service. Under Ron's leadership, the Uplifting Service team has enabled uplifting service within government agencies and multinational corporations including Air Mauritius, Suncorp, Xerox, Nokia Siemens Networks, Marina Bay Sands, NIIT Technologies, and other leading global organizations. To learn more about Uplifting Service, please visit www.UpliftingService.com



Ron Kaufman, Uplifting Service founder and chairman, believes service is the essence of humanity. He has helped companies on every continent build a culture of uplifting service that delivers real business results year after year. Making transformation his mission, Ron is one of the world's most sought-after educators, consultants, thought leaders, and customer service speakers on the topic of achieving superior service. He is the author of the *New York Times* bestseller *Uplifting Service* and 14 other books on service, business, and inspiration. Ron has been featured in the *Wall Street Journal*, the *New York Times*, and *USA Today*. To learn more about Ron Kaufman, please visit www.RonKaufman.com.



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