Coveting customer service

The holiday shopping season is upon us. As we become gift-purchasing consumers once again, we do so hoping for friendly and helpful customer service. In that sense, we’re no different from customers of transportation companies.

Today’s transportation and logistics industry is very concerned with customer service, reflecting a gradual transition in thinking over many decades. Most transportation firms originally focused on making a profit — customers were a necessary evil. Over time, however, successful businesses realized that profit was a function of how well a company satisfied its customer’s needs and expectations.

On Sept. 1, the Westbound Transpacific Stabilization Agreement began charging a documentation fee of $25 per bill of lading. This fee was justified by the increased complexity and expense of processing export documentation. To many observers it represented a formidable admission on the part of some of the world’s largest liner companies.

This assessment follows massive centralization of customer service functions at national or regional centers. It was suspected in the industry that much of this reorganization was a defensive move against possible union organization in local offices. Some thought that centralization was a crude attempt to lower labor unit costs. Publicly, the changes were often described as efforts to improve customer service. Yet many customers viewed reorganization as “The Emperor’s New Clothes.”

Despite the pronouncements of senior management, most steamship lines that replaced experienced personnel with new hires could not match their previous quality of service. And even though cost per employee was lower than before, many carriers found it necessary to hire more people to compensate for inexperience.

Additionally, some companies found that they placed their service centers in areas with little or no employment, forcing them to raise wages beyond expectations to remain competitive.

The transition from local customer service to centralized customer service centers was rocky. Companies have now discovered the Internet, which some observers view only as the latest panacea — 24/7/365 service with no personnel problems. But, of course, even the Internet can’t solve the industry’s customer service problems.

First, an organization must decide what the role of technology will be. Frequently, in the shipping industry, technology is introduced without a prior review of business process. Even more troubling, technology is sometimes considered a replacement for management itself. Recently, the META Group studied customer relationship management systems of major international companies. Its study found the systems were most at risk for not having customer relationship strategies in place. While a company’s mission may have been customer-oriented, the organization may have been divided into different silos (i.e., sales, accounting and service) that prevented seamless business transactions.

The application of technology itself is crucial. The Internet has changed communication, and it is also changing the nature of transactions. A web page basically reflecting existing business practices does not answer satisfactorily the complex changes of today’s world. We are finally starting to see the development of eCenters, where electronic commerce and customer service converge.

Obviously, there is a convergence of communication. eCenters must answer email, fax, voice mail, phone calls and web requests quickly and completely. Telephone calls will never disappear, but technology can step in and help. eCenters can use technology to help make the transactions more information-intensive (i.e., telephone number identification systems that bring up the last transaction with a complete history.) A double benefit is realized here: shorter phone calls (no lengthy background necessary) and more efficient use of staff.

Some customer service centers have integrated their web pages for support. For example, if a customer were on a booking screen in excess of a predetermined time, a message box may appear with a customer service representative asking if the customer needed help. This could be done either through instant messaging or a phone call.

The eCenter may look different than today’s facilities. As the cost of hardware continues to drop and wide bandwidth becomes ubiquitous, some companies may find that smaller centers are more appropriate. Hewlett-Packard, for example, opened a separate center in Canada because its Canadian customers were unhappy that reps at its North American Center could not speak French.

One of the most significant changes in the transportation industry over the past generation is how we view logistics. It has been transformed from a cost-minimizer to a profit-maximizer. We may see the same kind of transformation with customer service centers. Successful companies will be those that discern how to generate profit from existing customers, as well as new business.

Ted Prince is a principal with Transgistics LLC in Richmond, Va., and a former chief operating officer for "K" Live America Inc. He can be reached at ted.prince@transgistics.com.