

A Lesson in **Customer Service**

Case Study Series

Telcomco is a large telephone and telecommunications company that is in the throes of privatization. Once a completely government-owned organization, it has been given two years to prepare for a completely open market and for an initial stock offering to the public. At the same time, massive changes are occurring in the telecommunications industry. The company is facing rapid and far-reaching technological change, fierce competitive pressures, economic changes in markets and shifting customer preferences, and changes in the regulatory and public policy framework. Also, technological advances are bringing about a convergence of telephone, cable television, broadcasting, and computing and greatly expanding the capabilities and capacities of communications systems. Deregulation is providing increased access to international markets and tremendous opportunities for growth. Globalization is raising the bar for companies in terms of efficiency and customer service. In addition, industry-wide restructuring, joint ventures, strategic alliances and consolidation through mergers and acquisitions are creating major upheaval for the entire industry. In summary, Telcomco is facing a very turbulent environment and must adapt quickly.

Fortunately, Telcomco remains in relatively good shape financially. In the past year, profits were \$526 million on revenues of \$2.9 billion. However, revenues had declined somewhat and market share had also dropped slightly. Profits were flat despite cost cutting measures because Telcomco had not been able to raise prices. Costs for all inputs except labour continued to rise. Furthermore, revenues are expected to decline dramatically in the coming year and beyond when competitors launch a major campaign to lure away Telcomco's customers.

Key business priorities for Telcomco include competing aggressively in the marketplace and customer service. In the past 12 months, successive waves of downsizing have reduced the workforce by about 10 percent. This was accomplished by a combination of attrition, a generous severance package as an incentive to leave and an early retirement program. The company then made across the board cuts of another 8 percent, leaving the total employment figures at approximately 4,550. Both executives and employees fear that this is not enough, especially when they compare their revenues per employee to those of the major competitors who will certainly be entering the market in force in the next year.

Besides the downsizing program, Telcomco also embarked upon other cost cutting measures, including reengineering initiatives in such departments as billing and directory assistance. It is also considering an executive proposal to spin off installation services to an employee owned group, or in the event that the employees do not respond to the proposal, to an independent company. Future plans include new product and service development, expansion into wider markets, new technologies, and joint ventures with other organizations to round out its offerings and react to the growing opportunities created by the Internet. It is a large change agenda. The executives can foresee no slowdown in the pace of change for at least the next ten years. On the other hand, to most Telcomco employees, it seems that they have endured as much change as they can possibly absorb.

Telcomco's training program was started in response to the company's privatization strategy and to meet competitive pressures. The company has begun to identify the skills and competencies that will be required in the future. It has started to plan training for its workforce so that employee skills will better match the changing demands of the marketplace. It is in light of this change agenda that we listen in to the following interchange.

On a Blustery morning in November, Gerri Fernandes, the Vice President of Human Resources for Telcomco was deep in conversation with her Director of Training, Marty Greenspon.

'We have to make a decision about our customer service training and about Delmar and we have to do it fast! I've just got the results back from our employee survey and it's clear that the response to the training is not good. Not at all what we'd hoped for when we hired Delmar. And I've been getting lots of complaints, many from some of our best long-time employees. If half of what they're saying is right, I think we've got serious trouble on our hands. Not only that, but the complaints have reached all the way up to the executive suite. The President is worried that some employees are threatening to take their complaints to the press if we don't stop the training program. He says some are also threatening legal action.'

Marty swallowed the last of his coffee and thought carefully about what he was going to say next. Training was an important part of Telcomco's business strategy. Employees who remained with the company would have to change from a 'civil service' mentality to a new customer service focus. Many would require new skills in listening to customer complaints, responding quickly and decisively, adapting to change and stress, and taking more initiative. As well, many departments were planning on multiskilling their employees to obtain maximum flexibility and to put an appropriate emphasis on continuous learning.

Marty had been instrumental in hiring a group to deliver Telcomco's customer service training. He believed he had found the perfect company in Delmar. Delmar of Seattle, Washington was co-founded in 1986 by an industrial psychologist and a 'gestalt' therapist. Its mission was to help organizations improve customer service by sensitizing employees to its importance and by improving their skills. He knew they had achieved good results in other companies, but that their methods were always a bit controversial with some employees. He had done some checking and had received favourable reports from the other Delmar customers that he had contacted and media accounts he had read were all positive.

'Gerri, I don't think we should make a hasty decision about Delmar. Remember, they warned us

that some employees would not like the training because it forces them to move beyond their comfort zone. But isn't that exactly what we want them to do if we're going to make this transition to a privatized company? Can I have a look at the survey results and discuss them with you this afternoon?'

When Gerri left, Marty recalled what Delbert Lawson, one of the Partners at Delmar, had told him when they first met.

'I freely admit that our methods are not for the faint of heart. We tear down the employees' resistance to change by showing them vividly how their customers respond to examples of poor service. Some employees, especially those who cannot admit to any faults, become very defensive. But those are the very people who are incapable of changing and companies may find they are better off buying out these employees.'

Marty had agreed that what Delbert had said made sense when he hired Delmar, but he now wondered if Telcomco managers would be able to hold to the training plan in face of employee distress and anger. Marty read through more of the Survey Report. The Report certainly did reveal some significant dissatisfaction with Delmar and with the customer service training in general.

According to the summary of the findings about the training and other employee responses to the changes initiated so far:

- 79% were proud to work for Telcomco;
- 81% believed that competition was going to get worse;
- 61% believed the changes were necessary to respond to competition;
- 33% felt under 'high' or 'very high' levels of stress;
- 35% thought the training was 'effective' or 'very effective'; 30% were neutral; and 35% rated it as fair or poor.

Several employees had also written their comments on the bottom of the survey. Common complaints included:

- Trainers criticized the trainees harshly;
- Some felt they had been subjected to psychological and emotional abuse during the training sessions;
- The excessive cost of the training program could be better spent saving more employees' jobs;

'I've just got the results back from our employee survey and its clear that the response to the training is not good.'

- Many had been forced to attend the program by their managers;
- The trainers used profane language on occasion;
- The trainers had allowed employees to make crude comments or tell ethnic jokes with impunity;
- People felt pressured to talk about their personal lives and their opinions about co-workers;
- Some were so upset that they had gone on stress leave or had not come into work after some of the sessions.

When Marty finished reading the Report, he felt considerably less confident. He immediately phoned Anji Husani, a line manager in the billing department, whom he trusted to give him an honest response.

‘Anji, its Marty Greenspon. I’ve just read over the employee survey about our customer service training and it seems there are some problems with the way people are reacting to the training and to Delmar. Can you tell me frankly whether you think there’s a serious problem here?’

‘Well Marty, it’s hard to say for sure. I know many of my people loved the training, but a significant number hated it just as much. One of my long-time employees came to me in tears just this morning and said that one of the trainers had been very hard on her. She said that if people objected to the trainer’s lesson or theory, they were targeted for criticism and were embarrassed in front of colleagues. She said, and I quote, “They break you down and build you up again.” She told me she felt like quitting rather than go through another experience like that! On the other hand, a couple of subordinates have come to me praising the training and saying how much they have learned. I’d say my people are split almost into two equal groups—those who hate the training and those who love it. I guess that’s not very helpful to you, Marty.’

‘Well Anji, it confirms the employee survey results. I’ll get back to you soon. Thanks again.’

Marty hung up and phoned Delbert Lawson immediately. Delbert tried to reassure him.

‘Listen, Marty. I’ll come and meet with you as soon as I can to discuss the employee survey results. How about next Tuesday? I’m leaving this afternoon for another assignment and won’t be back until then. I don’t want to sound as though I’m dismissing their complaints, but remember we

told you that some employees react that way to our training. It actually shows that the training is having an effect. I’m sure some of the comments are coming from the role-plays we have them do. Part of the training has employees role play difficult customers and other employees try to respond to them. Then we all give feedback on how well the employees handled the “customers.” We try to keep it positive, but some employees can get pretty brutal about their co-workers’ shortcomings. We are also frank in offering our feedback, although we give it in a sensitive manner. We point out negative behaviours and attitudes that need to change when Telcomco is exposed to competition. We expect this type of reaction in the short run, but at other companies, the program has worked well in the long run and complaints largely disappear. When I come to see you, I’ll bring copies of the surveys we’ve done at some of our other client companies. You’ll see that there is strong proof that our program has enhanced efficiency and customer service levels significantly at these companies.’

After talking to Delbert, Marty thought that maybe the training was working. But he still felt somewhat uneasy. He knew Gerri would ask some very difficult questions and he wasn’t sure what to tell her. Some of the HR department members and some line managers who had been through the customer service training had come to Marty and offered to conduct the training themselves. They believed this would save the company a lot of money and felt confident they could deliver the training just as well or better than Delmar. Gerri had mused aloud about the same option just recently. Maybe they should consider using internal people to deliver the program? But Marty knew that these ‘volunteers’ were not experienced trainers and didn’t have a deep understanding of the methodology Delmar was using. Should Telcomco continue on with Delmar? If so, should they give them some strict guidelines to follow with respect to treatment of Telcomco employees? A third option was to find another company to deliver the training. There were several in the area who had expressed interest in Telcomco’s project. A couple of them had good reputations for solid, if uncreative programs. What should he recommend to Gerri when they meet later that day?

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What should Marty recommend about the training program?

Here's what our experts say.



Dr. Carol Beatty

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Marty has some pretty serious damage control to do in this case, and he should move decisively to cancel Delmar's involvement in Telcomcos' training program. Then he should do some serious thinking about Telcomco's overall training strategy before he schedules any further sessions on customer service—or anything else.

How did this training program become so controversial? Let us count the ways. First of all, Delmar's methodology appears to have been abusive, at least on the part of some of the trainers. Participant comments accuse them of several serious ethical violations, including treating the trainees without respect, using profanity and crudity, allowing racist behaviour, and forcing participation in sensitive disclosures. Similar allegations were made against the 'sensitivity'

and T- group programs of the '60s and '70s and contributed much to their demise in the workplace. These programs also relied on changing people by the liberal use of confrontation and criticism, combined with support for exhibiting the 'right' behaviours. And some participants in sensitivity training found it so distressing that they needed psychiatric care afterwards. While Delmar's techniques may not be as extreme, it is a warning sign that some Telcomco employees have gone on stress leave after the program, and others claim they'd rather quit than face another session.

Secondly, while I believe in the usefulness of role plays to teach interpersonal skills, I wonder if they are being used properly in this case. The dynamics of interaction with a 'difficult' customer are complex and effective skills training must teach each of the components of the overall skill set in the appropriate sequence. A role play can act as a good introduction or an excellent reinforcer, but it must be used judiciously. Here, the trainers appear to be forcing the participants to expose their lack of skills publicly in front of their colleagues and perhaps even their supervisors. Then they are subjected to a critique. This technique is unlikely to promote skills acquisition, especially in the context of downsizing and the attendant fear of job loss that most participants are experiencing.

Thirdly, and most importantly, it is premature to undertake a broad customer service training initiative at Telcomco. The company has not progressed far enough in its change program to be certain what competencies it will require in the future. How many and which employees will be having direct contact with customers? Which customers will they be in contact with most frequently? What problems are these customers most likely to need help with? None of these things is yet clear, and so the

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So what training does Telcomco need at present? Turning to Beckhard's tried and true

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formula for change will help Marty decide this.¹ Beckhard stated that for a change initiative to overcome inherent employee resistance, dissatisfaction with the status quo, a vision for the organization after the change and some clear first steps to implement the vision must be in place and must be sufficiently strong. From the employee survey it seems employees have bought into the need for change and don't need a lot of convincing that the status quo is not a viable future strategy. However, they may not totally understand the environment Telcomco is facing, and sessions on Telcomco's competitive and financial pressures may be helpful. A key fact is that 33 percent feel under significant stress. That should be a signal to Marty that they need a clearer understanding of the vision and strategy that Telcomco will be adopting to respond to these pressures. Knowing where you're going and having a clear plan to get there are great stress relievers for many people, no matter how big the challenge ahead.

Reading between the lines, it seems that Telcomco has only a sketchy outline of a strategy in place. It has set the key business priorities as competing aggressively and customer service, but those priorities seem at odds with its cost-cutting tactics to date. And how do they fit in with the numerous vague plans for new product development, joint ventures, expansion into new markets, etc.? By embarking on a relatively narrow customer service training initiative, Marty and Telcomco have put the cart before the horse. If he has any credibility left with Gerri, he should recommend that employee skills training be deferred until it is clear where the company is going, and what employee skills are needed to take it there.

Telcomco must focus on getting its vision and strategy in place and widely communicated as its first order of business, and then on helping employees understand how they fit into the new Telcomco. If the company has not yet undertaken a strategy exercise, Marty and Gerri should recommend it as an immediate first step. If this has been done, but not communicated properly, then training efforts should focus on promoting understanding of the strategy, getting feedback from employees, and making sure

there is buy in. Only after this should they focus on the 'first steps' of Beckhard's formula, where skills acquisition will become important. While some of this program is not training in the narrowest sense, it is organizational development, and ensuring it is done well is one of the modern human resource manager's most important roles. Marty should have read more about change management before he jumped the gun into the details of implementation. Hopefully, it is not too late for him to recover his credibility and add value at Telcomco.

1. Richard Beckhard, Strategies for large system change, in *Organization development theory, practice, and research*, edited by W.L. French, C.H. Bell, Jr. and R.A. Zawacki (Plano, Tex: Business Publications, 1983).



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If I were advising Marty Greenspon, there are several elements I would examine with him. First, results from employee feedback indicate that loyalty is high and that employees are realistic about competition and the level of required change. If one only considers quantitative elements, the proportion of high stress level is normal according to the Bell curve, and the spread of satisfaction is also normal. However, the qualitative comments are alarming.

Basic adult learning principles are not respected: trainers criticizing trainees, trainees feeling they have been submitted to psychological and emotional abuse. This raises significant concerns

about Delmar's competence as a training provider. Their background seems to be in organizational psychology and Gestalt therapy, which are based on premises other than adult education.

Human rights and diversity principles are violated: trainers using profane language, allowing trainees to make crude comments or tell ethnic jokes with impunity, employees feeling pressured to talk about their personal lives and their opinions about their co-workers. This raises significant concerns about Delmar's value system and its fit with Telcomco's culture as well as Delmar's knowledge of the *Canadian Charter of Rights and Freedoms* and relevant provincial human rights legislation. Overall, it questions Delmar's suitability as a vendor for this particular initiative.

Customer service principles are not modeled: emotional abuse, harsh criticism of employees, rude language, inappropriate comments and jokes, poor boundaries between personal and professional life and between self and co-workers. This raises concerns about Delmar's customer service knowledge and know-how. Moreover, Delbert Lawson's response to Marty's call further illustrates this point. Delbert does not deal well with Marty's urgency: 'I'll come and meet with you next Tuesday after another assignment' indicates a lack of responsiveness. Delbert also tries to make his client wrong: 'I'll bring copies of surveys we've done at other client companies' is a blanket approach. He shifts blame to participants and doesn't own responsibility for modeling inappropriate behaviour: 'We try to keep feedback positive but some employees can get pretty brutal about their co-workers' shortcomings.'

Reactions to the program are very emotional and polarized: Anji's description of the love/hate even split, employees going on stress leave afterwards or not coming back to work, force and numbers of complaints, threats of escalation through legal action or the media. There is definitely a high level of employee dis-

tress. It is symptomatic of an epidemic, much like a computer virus would contaminate software. The program has now become a threat to the organization's eco-system and wellbeing.

To summarize, concerns have also been raised about the program costs: 'Excessive costs could be better spent saving more employees' jobs.' And delivery alternatives are being proposed: HR department members and line managers coming forward with an offer to conduct the program themselves' This indicates questioning (if not resenting) spending priorities, and shows an entrepreneurial spirit about designing alternatives: 'Couldn't we do it better ourselves?' These are legitimate financial and business issues.

In terms of the impact of the program, a few key questions need to be raised:

- Does the program bring about the desired change or resistance to it?
- Does it help create the Telcomco of the future?
- Does it model desirable behaviours, skills and competencies?
- Does it further employee loyalty?
- Does it create good will and trust?

In the short term, I would advise Marty to terminate Delmar's contract. They have jeopardized their credibility and proven their incompetence. Marty should accept the HR employees' offer and shape it in a way that they can succeed. For example, they should set selection criteria for trainers, hire a reputable local service provider to act as a shadow consultant for design and material preparation, and offer 'Train the Trainer' programs to new trainers as well as coaching.

A communication strategy also needs to be designed for the employee population at large, for target groups such as past participants, and for individuals such as those on stress leave. The communication strategy should aim at damage control and rebuilding trust.

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In the long term, I would advise Marty to create an Employee Training Council, involved in training strategy design, curriculum development and vendor selection. He needs to establish a pool of internal candidates who can act as trainers for similar initiatives, and structure a trainer development program as well as incentives for getting involved. Research proves that the change process accelerates as the number of internal champions increases, and acting as trainers breeds change champions.

Training attendance guidelines should also be revised. For example, when should training be mandatory? What should be mandatory: taking a given program and/or a given offering?

Marty needs to set a solid piloting system for training initiatives with a lot of opportunities for feedback and many 'auditors' involved in the process. Vendor selection guidelines should also be established such as knowledge of the Canadian legislative framework.

It is unfortunate that such a fundamental building block of the new culture got off to such a bad start. It sends negative signals about the type of organization Telcomco wants to become. This deplorable false start will undoubtedly colour their upcoming training initiatives: It's salvaging time at Telcomco.



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Marty is indeed in trouble. He is questioning his decision to bring in the Delmar program and is asking himself, 'If not this course, then what?' He knows he has a critical role to play in the reinvention of Telcomco. However, this experience has left him unsure about what his

clients really want and need. Marty needs to take some rapid action to resolve the crisis at hand. Then he must put some serious energy into eliminating the guesswork from his process of identifying training solutions.

Marty's first priority should be to suspend immediately the delivery of the Delmar training course. There is sufficient consistency in the participant feedback to suggest that the stories about what happened in the classroom are not the imagination of one or two disgruntled employees. The trainers' behaviour appears to constitute personal harassment and as such could well be grounds for legal action. The already significant risk to Telcomco and to Marty himself will only increase if this training continues.

Next, Marty will need Gerri's support to communicate the decision to management, to employees and to Delmar. Putting the program 'on hold' allows Marty time to regroup and to negotiate with Delmar. It also leaves the door open for future work on customer service. Follow through will be important to the employees who thought highly of the program, so Marty's communication must acknowledge their feedback.

As he implements his decision, Marty must draw on some key resources. He will require legal counsel to advise him on resolving the inevitable conflict with Delmar. He will also require an expert in employment law to respond to any threatened legal action. If Telcomco provides Business Ethics and Employee Assistance Program services to its employees, these may also be of help. Finally, Marty will need Gerri's help to rally Human Resources and Employee Relations resources to coach managers whose employees are in distress as a result of the training.

Once the immediate situation is under control, it will be time to take a deep breath and go back to the drawing board. Marty should recommend to Gerri that they back up to a point well before the decision about who should deliver customer service training. The bottom line is that the survival of Telcomco is at stake. The change the company is facing must be nothing short of transformational, as

privatization will affect every aspect of the system—leadership, work and management processes, customer and supplier relationships, and organizational culture. Marty and all who would be leaders of the future at Telcomco need to be working into a system-wide plan for change.

Given that these are uncharted waters for Telcomco leaders, I believe the company would benefit from the expertise of an external consultant. Gerri should engage a change management expert with demonstrated ability to advise a telecommunications organization of this size. Whether they choose to work with a consultant or to proceed on their own, here are a few things Marty and Gerri should consider.

A successful plan for change must be based on solid business data. Some of the questions that need answering are: What is Telcomco's future market and how is it segmented? How is customer value defined in each of those market segments? What do Telcomco's satisfied and loyal customers (those who consistently spend money with Telcomco) value about what they're doing now? What are they doing now that will generate enough revenue to fuel the change? Who are their future competitors and what are they doing? Who are the potential new entrants to the markets in which Telcomco wants to compete? How fast does the change need to occur?

Once the business drivers for change are clearly in focus, they will serve as the foundation for a strategy for change. The strategy should include a widely shared vision of the company's future, a comprehensive picture of the current state of the business and the specific actions required to move toward the future state. One key piece of the plan for Marty will be the skills assessment—which future-state skills can be built by retraining current employees and which will need to be brought in?

It's inevitable that training will be among the actions Telcomco needs to take to move forward. When that time comes, Marty should be looking for a training partner to design learning solutions that are directly linked to business drivers. Such a firm will be glad to welcome those eager internal trainers as partners in design and delivery. Internal trainers know the business and are in a good position to influence the culture. A second criterion would be the training company's record on assessing employee readiness. It's no surprise that

Delmar's approach was devastating for some employees when day to day life was already well beyond their 'comfort zone.' What is surprising is that Marty learned of the problems after the program was under way. A pilot program to test new courses should be standard practice for any supplier of training.

Finally, a word about resistance. If Telcomco is to survive as a private company it is ultimately people who must change. They must change their

mindset and their behaviour. They will develop new skills, competencies and relationships. Some of them will leave (voluntarily or involuntarily) and new employees will join. It is natural that, given the churn these employees have already experienced and the uncertainty they see on the horizon, they are anxious and resistant. Many employees will need a safe place to express their negative feelings—something that will be all the more difficult to achieve after the Delmar experience. Telcomco's leadership will need to work unceasingly to keep the vision in view and to involve employees in identifying achievable milestones along the way. Real change will occur when Telcomco employees are more attracted to the journey toward the future than they are to the status quo.

Note: Ms McKenna acknowledges with thanks the input of her colleagues in Nortel Networks Employee Training.

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