

## Review of the This Year's Decision Maker Symposium 2011

This year's decision maker symposium, held on June 28<sup>th</sup>, 11 was focussed on exchange of information and experience and on developing innovative solutions for the utility vehicle industry. Themed "Learn from the best – service excellence as key to winning and retaining clients in the long-term", this event took place for the third time at castle Schönbrunn.

Presentations and discussions during the event were focussed on the contribution of outstanding service to entrepreneurial success. Service champions gave an account of Service Excellence and of how companies can implement it for the benefit of added value. For the first time, the symposium threw a glance on business sectors beyond the utility vehicle industry. At the end of the symposium, eight significant features, characterizing excellent service were defined by more than 100 participants and specified in a "Chart for Service Excellence".

1. **Optimum customer and business comprehension**  
Outright conceiving of customer requirements, of business models, of the industry sector, of challenges and competition.
2. **Field-proven and smoothly running infra structure**  
Well-established processes guaranteeing the customer transparency and flexibility
3. **Distinctive experience in the service business**  
Immediate perceiving of challenges and problems in order to develop suitable solutions
4. **Always to surprise the customer**  
Developing of entrepreneurial comprehension, not only to fulfil but to exceed customers expectations
5. **Offering of services creating added value**  
Target: Improving of efficiency, higher turnover, better knowledge, improvement of existing services and products of the customer.
6. **Customized solutions**  
No standardized products to be offered to the customer, but adaptation of service concepts to his needs and continual improvements.
7. **Guarantee utmost quality**  
Continual monitoring of service quality, professional error avoiding management and transparency of processes
8. **Offer utmost flexibility**  
Quick acting and reacting should be enabled for development and implementation, for processes and structures

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**Björn Sander, Managing Partner, Head of Brand Equity Management Practice of Batten & Company** exemplified in which way a professional brand management is able to contribute to entrepreneurial success. Especially as regards services, it is imperative to integrate them, like the products themselves, into the brand architecture of a company to help boosting the reputation of the brand. In this context, the investment in the implementation and fostering of a brand

has a substantial, though still underestimated share in it.

Due to their differentiability, successful brands provide companies with a great deal of advantages: Higher turnover and a price premium despite comparable product features, a more intensive customer loyalty, shareholder value and last but not least a higher brand popularity. This is, especially in businesses with interchangeable product features, e.g. information technology, utility vehicle industry, consumer goods or textile industry of special importance.

Outrageous examples of the implementation of strong brands that provide an above-average market performance, even in stagnating business are e.g. Hennes & Mauritz, McDonald or Intel. In order to build up a successful brand, first of all clear positioning, focussed and differentiating market strategies as well as a continual, consequent and long-term implementation become necessary. The brand promise needs to meet certain quality criteria: Relevant, credible, differentiating, focussed, clear and understandable and in line with the company strategy. The attraction of certain successful brands, such as Apple, Coca Cola or Volkswagen discloses that even with almost identical product features, the better known brand is chosen and thus, a price premium or a higher turnover are achievable.

Companies of the utility vehicle sector may draw important conclusions from the experiences gained by the market champions: Service is one of the key “boundary points” with customers and other stakeholders, where the brand promise can be experienced. It is the “moment of truth” for experiencing the brand. Successful companies prepare very attentively their brands for this very moment: By a comprehensive situation analysis, a differentiating values proposition and an integrated implementation. In this context, marketing and sales measures are following after the brand implementation.

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**Dr. Christof M. Stotko, Head of Strategy and Business Development of LexCom Informationssysteme** referred in his presentation to the significance of optimum spare parts procurement as an essential criterion for experienced Service Excellence in after sales business. For this issue LexCom offer a one-stop shopping portal that allows a standardized search and order process for spare parts via the internet. Particularly the information and ordering process for spare parts represents today a considerably potential to improve service quality.

As to spare parts procurement, vendors still have to face numerous challenges: A plenitude of spare parts and suppliers, most different information systems and processes (e.g. as regards interfaces, processing, registration etc.), handling complexity and comparability of spare part ID numbers or most different interfaces with retailer management systems. Standardized processes and interfaces integrated in an easily operated platform might create competitive edges for utility vehicle companies. The Agroparts solution shows that 12 different vendors for spare parts for agriculture vehicles now use a common platform for their spare part management. Standardization in information and order procurement, parts documentation and the interfaces of the various ERP and DMW system of the companies considerably facilitated the processing.

An optimized spare parts management based on a service portal may contribute an important share to Service Excellence: Improved spare parts information, user-friendly systems, full service offered also for multiple brand vendors or a central interface with different retailer systems. With a definite added value: Reduced vehicle down times, increased spare parts sales and thus an improved Service Excellence.



Starting from the service requirements of OEMs, **Dr. Romed Kelp, Partner in the Manufacturing Practice of Oliver Wyman**, exemplified Service Excellence practised in other industry sectors that might be helpful for the utility vehicle industry, since especially in this sector, technical features of the vehicles get more and more similar, the product and spare parts business contributes decreasingly to the benefit of the company. Customers expect solutions instead of products when buying a utility vehicle. Thus, service is getting more and more essential in order to generate customer loyalty, to achieve stable and additional turnover, to support spare parts business and to gain important information on the vehicle pool. Basics for a successful service strategy are a professional, skilled service staff, optimum processes, an outright customer comprehension, a consistent

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business concept (e.g. as regards service contracts), acceptance of the brand, an available service network and applied technology. Only the perfect interaction of these factors allows a successful after sales strategy and provides additional turnover in the spare parts business for garage services or via extended service like financing and vehicle fleet management.

In order to put Service Excellence successfully into practice, it is worth glancing at other industry sectors, says Kelp. The hotel chain Ritz Carlton, for instance, is an excellent example for the management of customer contacts. Service Excellence is achieved by an outstandingly intensive customer comprehension, a consistent brand experience and the provision of customized offers based on the identified customer request.

In the energy sector, Enercon, a manufacturer of wind turbines, is synonym for another aspect: This company focuses its supply package on the entrepreneurial success of its customers, by sharing the economic risk with its customers, i.e. an availability warranty of turbines and a guaranteed kW output, maintenance, repair and retrofitting and an output-related cost model (basic fees, extra cost and sharing in case of additional KW output). For service vendors, especially cost models with risk reduction for customers are an interesting instrument for exclusive customer access. As an additional example, Kelb informed of a new monitoring process to measure wear and tear of spare parts. A component vendor uses the new technology to reduce wear and tear of his spare parts and to introduce with extraordinary success a unique usage-bound business model. And last but not least, the restaurant chain McDonalds illustrates how a global net of outlets with equal standard and highest quality can be guaranteed by following an excellent, stringent and consequent franchise policy.

All these examples show that irrespective of the distinctiveness of the utility vehicle sector, Service Excellence of other sectors ought to be used as a benchmark. An outrageous service does no longer represent an option for utility vehicle companies, but has become a must, in order to outmatch the competitors having comparable product features. Kelp concluded that there was still a high need for action in the utility vehicle sector.

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In the second part of the discourses, **Harald Preyer, CEO and founder of EUCUSA**, referred to the discrepancy between the expectations of the customers on one hand and the service experience already made on the other hand. The expectations of the customers towards their service provider are defined by the following factors: Own expectations, image of the service provider, experiences made so far, service promise and the knowledge of possible alternatives

and the best service offers / bench marks on the market. The experiences made, however, are often based on completely different factors: Measurable benefit, handling and settlement of defined or current problems, the reliability of the rendered service, a personal judgement of the value, but also the current mood and rather accidentally influencing factors. The delta of both sides forms the customer satisfaction level. Especially an experience made that turns out to be considerably above the expectations, creates enthusiastic customers.

A specific example for high customer satisfaction was presented by the Austrian ASFINAG. This company is in charge of planning, financing, maintenance, operation and toll levy of the entire highway net with a total length of 2.175 km. The company follows a comprehensive service concept, comprising – among others – the steady and high-level construction of rest areas, motorway stations and truck parking areas. Since ASFINAG does not dispose of any competition on the Austrian market, they arrange detailed customer surveys in order to assess customer satisfaction.

As explained by the **CFO of ASFINAG, Dr. Klaus Schierhackl** during his discourse, these surveys check the acceptance level of the various services and



performance in comparison with international level. For Schierhackl, this survey is an important instrument in order to challenge his company very single day and to improve it, although it is acting in a competitor-free field. Service Excellence gets thus measurable and controllable by means of defined management ratios. ASFINANG consider themselves to be on the track: An overall satisfaction of 71 % is achieved of those customers who use motorways and this level

considerably exceeds that of the neighbouring countries. For the CFO, however, there is no reason to rest on the laurels. In the medium term a level of 90 % is aimed for, concluded Schierhackl.

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The complexity of requirements to provide Service Excellence under a strong brand name, also on international level was one of the topics of **Mag. Christian Höllinger, Global Third Party Network and Cards Manager for Shell Commercial Fleet.** Customer expectations for Service Excellence are very high towards a card company like Shell: Customer requests comprise the continual proof of highest product quality, the provision of a global service structure, absolute accounting security, continual control of the expenses running via the card, the flexibility to provide additional service and the warranty to obtain an optimum cost benefit ratio for any service rendered. Main feature for Service Excellence is according to Höllinger, the ability to



perfectly manage complexity. The long-time and global infra structure to service more than 10 million customers a day, represents an essential prerequisite. More than 150 million transactions per year are handled in 36 countries via the Shell card. The customer contact is online via a customer centre or a key account manager.

Based on this unrivalled infra structure, the individual customer request for an excellent service is met in numerous fields: As an example, Höllinger stated the continual improvement of the gasoline characteristics in cooperation with OEM and the introduction of the integrated card management system with numerous safety elements when using the card. Additional solutions comprise online applications to check all account movements, partnerships are concluded to reduce gasoline consumption for forwarding agents and the development of customized supplementary service, i.e. one-stop shopping solutions, comprising toll payment, roadside assistance and VAT reimbursement. Even this short outline of the services offered by Shell shows the range of know-how and resources that have to support international service concepts to enable them to supply daily Service Excellence, concluded Höllinger.

In the subsequent discourse **Jarno Bor, Area Manager Austria and CEE Service 24 Notdienst GmbH and Key Account Manager Europe Net** went into detail of the daily lived Service Excellence of a company that has been on the market for about thirty years. In order to provide excellent service to customers with most different service requests, Service 24 operates systematically in 5 process steps: First of all, information on the customer is gathered (vision, supply, structure, request). Based



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on these data a first service concept is being generated reflecting the interest of the customer. In the next step, the exact requirements of the customer are defined in direct customer contact and on basis of the broadened knowledge, individual solutions are optimized. As early as in the “list” phase, service providers need to know by which means they can outmatch their competitors (e.g. by prices, offers, performances, availability, individualization etc.). Field-proven services being part of the existing portfolio need to be defined that match best with the requirements. In the final phase these modules are then adapted to the exact requirements of the supply package. The service provider needs to be able to revert to a high-performance infra structure, a wide experience and predefined processes and modules. Only then, successful service concepts can be developed as offered by Europe Net for OEMs, forwarding agents, service card suppliers, garages or the motorway police. At this juncture, pay-per-use as well as pay-per-year models have been successfully established on the market.

Service Excellence of a service supplier is composed by four elements: A skilled and motivated service team, most rapid reaction and intensive communication with the customer, a field-proven and decided team for each customer and partnerships to guarantee full serviceability. The bench marks for the forthcoming years of this industry sector were defined by Bor as follows: A competent key account team, the development of all-in-one solutions, the ability to reduce the administrative complexity for the customers, the implementation of a competent complaint management as well as transparent and continuous information exchange between customer and service provider. Furthermore, continual adaptability of the product range and permanent service improvement e.g. as regards roadside assistance by continuously reducing the vehicle down times in Europe to less than 3 hours, are part of future challenges, concluded Bor.

An insight into the world of Service Excellence of a leading hotel chain was provided by **Markus Smola, CEO of Best Western Hotels Germany**. First of all,



figures play an important role. 70 % of those customers who did not return to the hotel for another stay, stated that they were not satisfied with the conduct of the hotel staff. That means that it is no longer sufficient to satisfy the customer but to create new approaches in service management. For Smola, the formula for success is to surprise his customers by a “wow factor” and thus to create a persisting service “adventure”. A friendly note on the bill, a pre-cut cutlet in the restaurant for children, these are small gestures but entail an enormous effect. The effect is hence so enormous, because it is not rational, but emotional, said Smola. Only emotions lead to definite actions, e.g. to a buy or a repeated stay at the hotel. Excellent service providers are able to generate the emotional “wow factor” in various situations.

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Smola exemplified a taxi driver, who made for an awesome afterglow of active Service Excellence by his conduct, his cost awareness, his courage (by offering an additional coffee that might have been declined, as well) and a long-lasting and not temporarily practised service mentality.

The opportunity to live this “wow factor” as an attitude and not as a one-off action, can be seized, according to Smola, not only by taxi drivers (personal drivers), hairdressers (personal appearance consultants) or waiters (well being managers). But also in one’s own



daily business it needs to be re-checked from time to time whether this attitude is really lived. Smola asked the rhetorical question: Did you really convey an emotional reaction to your contractual partner when signing the contract? This question has to be answered in the negative, more often than not. Though, customers and business partners less remember doings and words than emotions that were excited. Subsequently he stated a lot of opportunities of how to raise emotionality, e.g. by personalized hotel slippers, welcome cards, vouchers, the decoration of toilets, or the goldfish that was given to frequent business guests to take it to their rooms. Quite often such ideas necessitate some courage, but Smola’s concluding credo was: Do the goldfish every day! to make sure to be successful thanks to service.



For **Georg Greutter, General Manager of Europe Net**, the discourses and discussions held during the 3<sup>rd</sup> Europe Net decision maker symposium illustrated the difference between good and excellent service. It became apparent that utility vehicle service has become in the meantime a value driver and a strategic instrument for the OEM and not only a “nice extra” to the product business. In order to make use of the discussed potential, a complex comprehension and a professional

implementation ability of service concepts are mandatory. When looking at other industry sectors, it becomes apparent that plenty of various factors have a share in an excellent service that need to be taken in account: Examples on this are for instance a successful branding of services, the reduction of technical and organisational complexity, the permanent innovation when developing service concepts, valid figures for a continual optimization of the offer of service and a

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perfectly running infra structure and organization. According to Greutter, the symposium clearly highlighted the enormous spectrum of what Service Excellence meant and provided important pulses for a successful implementation. “Earning and serving are interlinked (in German: “Verdienen” derives from “Dienen”), as well as value creation and valuation – highest empathy for service is an essential basis for future entrepreneurial success”, was the conclusion of Georg Greutter.

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