



Book Best Practices

Building Your Business with Customer-Focused Solutions

Robert Hiebeler, Thomas B. Kelly and Charles Kettelman
Simon & Schuster, 1998

Recommendation

Arthur Andersen executives Robert Hiebeler, Thomas B. Kelly, and Charles Kettelman have brought the company's "Global Best Practices" program to book format. They tell you how to adapt any company's best practices to your business. They highlight dozens of examples from the thousands that they have collected for Andersen's popular database. The authors take a direct, no-frills approach to presenting their ideas and information, and concentrate on case histories that give you plenty of details. This makes the book highly useful, clear, and free of useless jargon, so *BooksInShort* recommends it to people at all levels in any business. You are bound to find some useful gems.

Take-Aways

- Arthur Andersen created the "Global Best Practices" database in 1991.
- The global best practices database is a business-processes classification system.
- Anderson compiled the best ways to perform particular business practices from hundreds of companies of all sizes, in all industries around the world.
- Their 30,000 pages of data are available to companies worldwide.
- You can learn from other companies' best practices.
- You can apply best practices - even from other industries - to your business.
- Best practices cover major processes all businesses use, including: understanding markets and consumers, designing products and services, marketing and sales.
- By linking best practices to specific processes, you take them out of restrictive contexts.
- Marketers can learn from those outside marketing; human resources managers can learn from those outside human resources - thus, people can learn from people in other areas.
- Companies have found great success adapting best practices to their businesses.

Summary

Identifying Best Practices

In December 1991, international business consulting firm Arthur Andersen created the "Global Best Practices Database," a business-processes classification system. Studying organizations around the world, Arthur Andersen has compiled best practices - the most effective ways to perform particular business practices - from hundreds of companies, totaling 30,000 pages of documented data, which they provide to companies worldwide.

Their classification system draws on the major processes that all businesses share. It includes:

- Understanding markets and customers.
- Designing products and services.
- Marketing and selling products and services.
- Producing what customers want and need.
- Delivering products and services.
- Serving customers.

“Imaginatively transforming another company’s success into one of your own requires a thorough understanding of all aspects of the market you are trying to reach, including both downstream and upstream participants.”

Andersen asked companies the following questions about customer relationships:

- What is the best way to respond to customer service issues?
- How can those requests be met most effectively?
- What do best-practice companies do to find and train employees to serve customers best?
- How can a company join with customers to design, improve, market and distribute its products and services?
- What is the most efficient and productive method of tracking and using information about customers and their purchasing patterns, attitudes and loyalty?

“Whether your company makes pizzas or peat moss, swimming pools or pool tables, the lessons of Black & Decker are invaluable: At their peril, companies exclude customers from the design and creations of products and services.”

By linking best practices to specific processes, Andersen took the best ideas out of the restrictive contexts that limit how people think about business. Managers tend to assume that marketing staffs can learn only from other marketers, or that human resource directors can only learn from their peers - in short, that particular departments could only benefit from the experiences shared by others in their field. Using Andersen’s best practices helps break that tired mold and removes learning limitations from different industries.

Andersen’s research concluded that best practices aren’t the province of one particular company or industry. They can apply universally to any size company in any industry.

Best Practices in Action: Mobil Oil

The best-practices approach examines processes, regardless of whether those processes are confined to a similar industry. If the process works, your company can use it, too.

“No company can claim an understanding of the market if it avoids studying demographic and economic trends.”

When Mobil Oil wanted to improve service at its gas stations, the Mobil team approached their task from a universal-process point of view, looking outside their industry for ideas. Rather than limit themselves to studying how other gas stations operated, Mobil Oil learned from a racetrack pit crew, a hotel concierge and a plumbing-parts salesman:

The Racetrack Pit Crew

To learn how to best service a car without sacrificing quality, Mobil studied race driver Roger Penske's pit crew, which could change tires, check oil, fill a gas tank and clean a windshield in 15 seconds. Although Mobil's goal wasn't to break the crew's 15-second record, the company did want to know how they could pull it off as quickly.

“A universal process approach to best practices eliminates the limitations inherent in any industry or function-based perspective. Because universal process-based best practices are grounded in general rather than industry-specific terms, they are more flexible, more easily changed, and more readily adapted to a variety of business situations.”

Mobil managers went on a field trip to the racetrack, watching and listening in on the crewmembers in action. As a result, Mobil created a better training program for station attendants. For example, the company now equips its attendants with headsets similar to the pit crew's, to help them communicate better. Thanks to this and other racetrack-inspired ideas, Mobil has been able to speed up their service processes without sacrificing quality.

The Hotel Concierge

When the Mobil managers wanted to provide a friendlier atmosphere, they examined the Ritz-Carlton hotel chain, which trains its concierge staff to be single-minded in their dedication to meeting customer needs. Mobil managers went to Ritz-Carlton employee training sessions, and left with plenty of ideas that helped them make major changes in their hiring and training.

For example: Mobil had considered cash register experience one of the most important criteria for hiring. But after studying the Ritz-Carlton approach, Mobil realized that it was more important to hire friendly people who enjoyed serving the public and then simply to teach them how to run a cash register. Mobil managers realized that anybody can learn to run a register, but genuine affability can't be taught.

The Plumbing-parts Salesman

When Mobil wanted to learn how to offer more knowledgeable, consistent, caring service, they learned from Home Depot's plumbing-parts department. Home Depot's goal is to win a customer for life by providing not just knowledge but understanding. Customers who mangle a product by improperly installing it can return it, no questions asked. Home Depot sales assistants even offer installation tips.

“Business history is replete with companies that failed or faltered because they didn't adequately understand, or were insensitive to, the ever-changing needs of their customers.”

Taking this cue, Mobil created its "Friendly Serve" program, in which attendants at self-serve islands check oil and wash windows - services that were previously only available at full-serve islands.

Best Practices in Action: GTE

When GTE executives wanted to improve their billing process by streamlining and reducing the number of input errors, they first asked, "Who handles huge numbers of transactions with 100% accuracy?" They didn't limit themselves to looking for best practices at other communications firms. Instead, they considered the processes of the Securities Industry Automation Corp. (SIAC), which records between 400 million and 600 million transactions each day for the New York Stock Exchange. GTE executives adapted SIAC's practices to fit GTE's needs with great success.

“Keeping track of government regulations has been a key component in FedEx's growth and success.”

Similarly, when GTE wanted to improve its technical support and repair system, its leadership studied the methods of the Otis Elevator Company, which had a nearly foolproof service process. Personnel using sophisticated databases in Otis' call center could identify a particular elevator's service record and initiate repairs by paging the appropriate technician. With one phone call, their entire repair process went into motion.

Learning from Customers: Black & Decker

One of Black & Decker's most popular products is the SnakeLight, a long-necked, flexible flashlight that doubles as a lamp. But, the company's product-development team would never have come up with such a successful item if it hadn't sought outside input.

The company had created three prototypes of new flashlights, including the SnakeLight, but it was not the managers' favorite. However, when the managers offered consumers the three choices for their comments, they were surprised to discover that customers preferred the SnakeLight.

Black & Decker doesn't just respond to consumers, it actually involves them in creating products, including the popular VersaPak line of cordless power tools. The company sent representatives to many Kmart, Home Depots, and Wal-Mart to ask potential customers what they needed in a battery-powered cordless tool. Then, they tinkered with their prototype to meet the criteria suggested by those potential customers.

“A small change that signaled a major shift in Continental's attitude toward its customers came when former head of customer service P. J. Robinette changed the name of the department to Customer Care.”

The VersaPak line brought the company more than \$100 million in 1997. The number of tools in the VersaPak line has increased from three in 1994, to 25 in 1996, and more than 50 in 1998.

Understanding Customers: Continental Airlines

When Continental Airlines fell short in customer relations, the company made a commitment to make dramatic improvements. It became the first airline to offer a 24-hour, toll-free number to help customers resolve problems from lost luggage to special services for the disabled. Since Continental pioneered this service in 1995, many other airlines have followed suit.

“Years of restructuring have led many companies to look more critically at those traditional channels of distribution.”

Continental renamed their customer relations department "Customer Care." The airline reports that Customer Care's 800 number now accounts for 70% of the thousands of customer contacts the department handles each week. Their objective: to resolve customer service at the first point of contact, usually in the initial phone call.

The Customer Care department reviews all comments at the end of each month, categorizing suggestions, and targeting areas of concern. The department sends its report to each Continental department so every employee sees firsthand what the airline's customers like and dislike about it. To supplement the toll-free number, Continental also surveys customers through phone interviews, its Internet site, and postage-paid comment cards from its in-flight magazine.

“Most small companies and a number of large companies are not vertically integrated. They have only the slimmest of ideas about who their suppliers are.”

The airline asked 4,500 frequent fliers to comment. They learned that most customers were less than thrilled with the airline's food. The passengers suggested healthier, lighter meals and special meals (including low-salt and reduced-calorie fare) upon request. Also as a result of customer demand, the airline has restored aspirin to its on-board medicine cabinet. (Continental had previously discontinued carrying pain relievers in a cost-cutting effort that saved \$10,000.)

“Price is the single most important communicator of what a company wants to say about a product or service.”

Continental implemented a more efficient automated system to resolve customers' problems, hired more customer service staff members, and replaced its old call-distribution system. The new phone system evenly distributes calls to the airline's reservations centers, so customers have to spend less time on hold. Continental went from having a terrible customer-service reputation to leading the industry in customer care. They did it simply by listening to what their customers wanted and needed - one of the hallmarks of companies that employ best practices.

Pricing: Southwest Airlines

While airlines traditionally have competed in ticket pricing, Southwest Airlines took a bold step: it lowered its prices according to

competition in the bus and car-rental industries. Considering ground transportation - not the other airlines - its main competition, Southwest reviewed what car rental agencies and bus companies charge for trips of comparable distance. By doing this, they tap into the market of travelers who otherwise might not have flown. Meanwhile, the low fares also appeal to regular flyers.

Southwest chairman and president Herb Kelleher meets with his management team every week to review the market, competitors' fares, and the strategies of the "no frills" policy that allows them to keep ticket prices low. Using occasional promotions in which passengers can bring friends along for only \$50 each, Southwest can fill otherwise empty seats. Despite its low fares, Southwest profits have skyrocketed, and the company has shown a profit each year since 1973, only two years after it opened.

Applying Best Practices

To turn another company's best practice into your own, you must first understand your market. Then, focus on processes: understanding customers' needs, attracting new customers and developing customer loyalty. In the end, every aspect of your business will affect customers. Certainly, you can apply many best practices to the internal business needs of your company - and those applications directly relate to your ability to succeed with your customers.

About the Authors

Robert Hiebeler is the managing director of KnowledgeSpace at Arthur Andersen and pioneered the development of the company's Global Best Practices Knowledge Base. **Thomas B. Kelly** is the managing partner of Arthur Andersen Knowledge Enterprises, which focuses on electronic commerce and Internet-related knowledge opportunities. He also is managing director of Arthur Andersen operations west of the Rocky Mountains, and a member of the firm's global management team. **Charles Kettelman** is the managing partner of Arthur Andersen's Business Consulting practice.
