



# Book Discovering the Soul of Service

## The Nine Drivers of Sustainable Business Success

Leonard L. Berry  
Free Press, 1999

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### Recommendation

Leonard L. Berry takes an in-depth look at how service can sustain the success of a business in this detailed, footnoted exploration that includes plenty of interviews and examples from the business world. Written authoritatively, yet conversationally, this book outshines similar works because of its thoroughness. Far from a quick-fix, self-help business guide, the book is thoughtful and doesn't rely on the obvious. *BooksInShort* recommends it to managers and leaders in all businesses, particularly if your competitive edge rests on pleasing your customers.

### Take-Aways

- Service separates one competitor from another.
- Human values are the most important factors in the success of a service business.
- Sustaining success is contingent upon strategic focus, excellent execution, control of your own destiny and trust-based relationships.
- Generosity, investment in employee success, "acting small" and brand cultivation also play a role in success.
- Sustained service success relies upon operating effectively while growing rapidly.
- It also depends upon operating effectively when competing on price.
- Success is based on retaining your initial entrepreneurial spirit.
- Core values that sustain performance include joy, innovation and respect.
- Teamwork, social profit and integrity are also instrumental.
- Core values transform a business on paper into a culture in practice.

### Summary

# Sustaining Service Success

Since customers expect products to be of high quality, service is the element that most often separates one competitor from another. The most important factor in the success of a service business isn't corporate practice, but humane values. Values-driven leadership is one of the nine key elements of service success. The full list is:

1. Values-driven leadership.
2. Focus.
3. Excellent execution.
4. Trust-based relationships.
5. Generosity.
6. Investment in employee success.
7. "Acting small."
8. Controlling your own destiny.
9. Cultivating your brand to drive customer satisfaction, innovation and growth.

“One of the biggest mistakes managers make is assuming that value and price mean the same thing to customers. They do not. Price is part of value, but not its equivalent.”

You can incorporate these key customer-service values in your business by noting the experiences of award-winning companies that practice this approach to service.

These companies include Bergstrom Hotels, the Charles Schwab Corporation, Chick-fil-A, The Container Store, Custom Research, Inc., Dana Commercial Credit, Dial-A-Mattress, Enterprise Rent-A-Car, Midwest Express Airlines, Miller SQA, Special Expeditions, St. Paul Saints, USAA and Ukrop's Super Markets.

“Balancing the need for growth with the requirements for execution is one of the most difficult challenges managers face.”

## Three primary challenges face companies that seek sustained service success:

1. Operating effectively while growing rapidly.
2. Operating effectively when competing on price.
3. Retaining the firm's initial entrepreneurial spirit.

These companies create value for customers through labor-intensive service operations, and by any measure, all are very successful. As of 1999, the average age of these companies was 31 years. While each one looks different on the outside (in terms of the nature, size and structure of their businesses), they are quite similar on the inside. Each one is an example of the nine key points necessary for sustaining success.

“Service companies sell a promise. Passengers who board an airliner have no technical basis for judging the competence of the crew or the airworthiness of the airplane. All they can do is trust, and their willingness to do so is a function of their prior experience and the company's reputation.”

The Container Store has been very successful in hiring exceptional employees who share the company's strong customer-focused values. In line with this strategy, the company waits until it finds the right store location, the right vendor and the right employee. Says Elizabeth Barrett, vice president of operations, "I still have the reputation for holding a store position open for six weeks to look for the right person." The Container Store employees love working for the company because it celebrates excellence, and customers love shopping in the store for the same reason.

## Success Values

The core values that sustain service performance are excellence, joy, innovation, respect, teamwork, social profit and integrity. These values are interrelated and transform a corporation on paper into a culture in practice.

“Rapid growth weakens the market offer, and this impairs the customers’ experience - that is, the total product.”

A terrific strategy won’t work unless it’s also executed well. Huie Woods, Vice President of Chick-fil-A, says that when hiring, "We don’t necessarily look for food people. We want a strong work ethic and family-oriented people. We look for people who will fit in our conservative family business. We want people you’d want your children to work for." The company believes in having service-oriented employees and is willing to make that value part of its daily practice.

“The quest for excellence pays off in human terms as well as financial terms.”

Unlike many retailers, The Container Store doesn’t have their vendors ship merchandise directly to the stores. If they did, merchandise would arrive at all hours and take store personnel’s attention away from customers. This excellent example of how controlling one’s destiny can depend upon small but important decisions. In this case, the firm decided to shape its internal processes in a way that prioritizes service.

“Creating a successful service operation is unquestionably a difficult task. However, sustaining success can be even more difficult.”

As Enterprise Rent-A-Car CEO Andy Taylor says, "When it comes to tough decisions, we ask what’s good for customers, what’s good for employees, and then we make the decision."

Listening to your customers provides you with opportunities to give them what they want and need, but it is also crucial to listen to your employees. Dana Commercial Credit conducts a "People Survey" that studies employee satisfaction and well being. The company then shares the results with its employees. Findings from these surveys have led to significant improvements within the company. When employees know you’re listening and will make changes, morale stays high, and so does service.

“During periods of rapid growth, adhering to original operating standards becomes problematic.”

"Executional excellence" includes competing for the right employees, planning, embracing flexible systems, listening actively and structuring improvements.

## **Control Your Destiny**

You can seize control of your company’s destiny with strong values, strong leadership and strong focus. To control your company’s destiny, you must stay focused on the customer.

“No matter how brilliant a company’s strategy is, it still must be executed.”

For example, Midwest Express spends significantly more money on food per passenger than its competition. The airline serves full meals on china plates with silverware and linen napkins, plus free wine or champagne. Its famous chocolate chip cookies are baked right on board. "Back in the early 1990’s, when airlines were bleeding money, we could have saved millions cutting back on food, but we would have lost our reputation," says Midwest Express CEO, Tim Hocksema. Between 1990 and 1994, among the worst years in the history of the airline industry, only Midwest Express and Southwest Airlines were profitable every year. Throughout, Midwest kept its delicious meals intact. This shows excellence as a core value.

“Inspired service providers are most likely to invest the personal energy and endure the risks of improvement seeking.”

When their competitors were scaling back and offering no-frills as a way to cut costs, Midwest was pressured from within and outside the company to do what the competition was doing. "We resisted this pressure to look just like our competitors," says Hoeksema. "Instead we stayed focused on what our customers wanted. It’s easier to copy competitors, but it’s not the best thing in the long run. I could save the company \$5 million with one phone call asking for lower quality food, but it’s not what the customer wants." Clearly, controlling its destiny has lead Midwest to enormous success. Part of this strategy includes placing excellence ahead of growth, which Midwest also demonstrates.

“Leading with values is difficult if the leader keeps changing.”

Hoeksema adds, "We've avoided focusing too much on our competitors. We must be aware of what they are doing, but we resist copying what they are doing. Instead, we focus on what the customer wants." And, if you don't give your customers what they have come to expect from you, you will lose customers, and profits. "We have a strategy, a vision, a plan. We know who we are," says Hoeksema. "We must stay true to that in all of our decisions.

“Infusing values throughout an organization is a delicate process. Humane values are especially vulnerable for they require trust in the organization. It takes time for leaders to earn this trust.”

Midwest Express Airlines offers "the best care in the air." And customer satisfaction supports the company motto. In Zagat's 1997 survey of 60 of the world's largest airlines, ranking comfort, service, timeliness and food, Midwest Express ranked first in the U.S. and was the only U.S. airline to place in the world's top 10.

## Trust-Based Relationships

Because service businesses market promises - through products that customers usually pay for before actually experiencing - trust is of utmost importance. Customers have to be able to trust that a company will deliver what has been promised. Trust is just as important when creating employee and partner relationships. Just as customers won't do business with companies they don't trust, employees will abandon such companies, as well.

Dana Commercial Credit promises its employees that bonuses will only be based on their contribution to the company. Dial-A-Mattress promises customers that a mattress will be delivered the day it is ordered. Trust stems from organizational competence, according to researchers. The true strength of a company is measured by the strength of its relationships with customers, employees, business partners and other stakeholders.

People inside high-trust organizations invest in having fun together. Fun is a great builder of trust because it conveys caring. Only a company that cares would bother to invest in employees' having fun on the job or in job-sponsored activities. For instance, Ukrop's Supermarkets holds an annual company Olympics, bowling and golf tournament, and awards and variety shows. The Container Store has a Fun Committee that plans lunches and sponsors the company's annual chili cook-off at Halloween.

## Investment in Employee Success

Companies that treat employees like family are on the track to success. Great service companies invest in their employees' success by focusing on:

1. Strong beginnings - Begin with strong employee orientation and training programs.
2. Continuous learning - Offer continuous learning opportunities that reinforce the company's values and help the employees maximize their creative potential.
3. Ownership attitudes - Reinforce employees' feelings that this is their company, too.

Lisa Gudding, an account manager with Custom Research, says that because her company abides by these three principles, she, as an employee, feels "connected to the product you put out. You care. You don't feel like a little pawn doing the hard work and others are taking credit. You feel appreciated. You are important here. People know you."

## Conclusion

All companies are service companies because they create value for customers through performance. Therefore, they are all in the business of marketing promises. Service companies that lose their customers' trust will lose control of their market share and ultimately their future. Sustaining success is a multi-part challenge, but one that can be met by following the nine key points, as so many companies have done. These nine points were created by studying the elements of successful companies, including the ones listed here. But, none of this will work unless a company also has values-driven leadership that remains consistent and stable despite personnel changes, even at the top.

The company's value system must remain intact. Great service companies lead not only from the top, but also from the middle. All employees must be able to feel that their ideas matter. These companies are also humane communities that humanely serve customers

and the communities in which they live and work.

Everyone benefits from a great company - customers, employees, vendors, investors, partners, even cities and nations. And that's a big reason that a great company can thrive for a very long time.

## About the Author

**Leonard L. Berry** holds the J.C. Penney Chair of Retailing Studies, and is professor of marketing and director of the Center for Retailing Studies at Texas A&M University. A former national president of the American Marketing Association, he is the author of eight other books, including *On Great Service*. He is a board member of CompUSA, Hastings Entertainment, Lowe's Companies, Inc. and the Council of Better Business Bureaus.

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