

Learning Without Scars Quarterly Newsletter

Dynamic Internet Based Learning
TRAINING SOLUTIONS FOR EQUIPMENT DEALERSHIPS
Construction • Mining • Agriculture • Cranes • Trucks • Trailers

The Service Business

Spring 2022

Providing skilled and highly trained technicians to repair, rebuild and maintain capital equipment is our mission. We must do this with a high degree of consistency and predictability relative to a schedule and price. To do so with a high level of labor efficiency and high levels of quality, the twin pillars of a successful service business is fundamental to our mission.



Improving The Customer Experience

It is difficult to avoid being smug about the success we have achieved in the equipment business. Sales have grown strongly. Profit is up. Nearly every aspect of our business has gotten stronger.

Yet....

Every Dealership will reach a level of business that appears to be the end, an amount that cannot be exceeded. It is almost as though we stop growing. We have worked hard and we have achieved terrific success - yet we seem to run out of gas. Does this ring a bell?

We have experienced over the recent past an increasing interest in finding process improvements, total quality, and downsizing. We have become conditioned to looking inward to cost improvements, changes in productivity: The illusive business model - financial measurements. It is natural after the pain of the cyclical nature of our Industry. It is self-defense. A lot of good companies and good people were badly hurt in the down portions of our cyclical business.

This is written for anyone who has responsibility or interest in maintaining and developing relationships with customers; anyone who is interested in looking outward - toward the market - rather than inward to financial measures alone.

I hope that it will be of use to anyone within the Capital Equipment Industry who is struggling with the need to satisfy customers and employees; at the same time develop partnerships within the distribution channel of suppliers, distributors and customers.

The group within the Parts and Service departments has more customer contact and processes more transactions than any other group within the dealership. They deal with the technical aspect of replacement parts and repairs, which have become very complex, requiring not just specialized systems but also very specialized training. It is a group of people, individuals who are hard to find, harder to retain and yet presents one of the areas that is exposed to constant pressure within the customer supplier link.

Customer satisfaction, always exceeding customer expectations, is at the root of all issues in business. It has always been true but from time to time we get lost on the road to more sophistication. Parts and Service departments have become the last stop of purchasing for many customers. We have forced this situation due to the perception that we are “higher” priced and less interested while at the same time, we have “the same quality of machine.” We have not responded to the challenge by selling the “added values” that are present at the Dealership. In many cases, the machines that we sell and service provide the source of income for the machine owner. We cannot be cavalier in our approach to their needs.

While the skills required, of parts, service and product support sales personnel, increase, and the traditional sources for these skills decrease. This has created a severe shortage of sufficient skills. Exacerbating this situation, Industry specific management training has become a difficult item to find, either from the manufacturers or other private sources.

Peter Drucker, one of the major thinkers and business writers of the last hundred years, is noted for talking about the “knowledge worker” in the new workplace. I believe that the most important knowledge workers for the Equipment Dealers are those employees who have Customer Contact.

In this section we are interested in six basic areas relating to the customer experience:

- ✓ The Customer Service Focus
- ✓ Defining Customers
- ✓ Expectations and Perceptions
- ✓ Designing Customer Service Excellence
- ✓ Customer Loyalty
- ✓ Measuring and Managing for Success

If everything is implemented at your dealership, you will go a long way toward developing your business into a dealership with which customers enjoy working. Your customers will become your “apostles” and you will have entered a brand-new era of happiness and success. Further, this level of customer service will be impossible without strong commitments and efforts from your employees.

Customer Service is one customer at a time, one day at a time, and this is dependent on caring skillful employees. So, an important element of Customer Service is the ability to improve the workplace for employees. Creating happy, motivated and professional employees is critical.

In the next cycle of business development, customer service will be the battleground. The “customer is king” era has been here for several years yet we are still in the last stages of worrying about the financial measures exclusively. For example, Net Operating Profit. Many dealers are only concerned with the “bottom line.” This group, those concerned exclusively with Net Income, is akin to the emperor who fiddled while Rome burned.

We will have satisfactory profitability but the business will be owned by someone else.

Businesses in the Capital Equipment Industries have spent years creating the realities of our businesses today. This is true for our suppliers, our customers and, yes, even for ourselves. We have spent a long time creating the positions in which we find ourselves.

Since the eighties we have been consumed with the quality movement. Participative Management, Teams. All of these “movements” have focused on process.

We have become a cost driven, process improvement, downsized and re-engineered group of companies. In other words, we are all inward looking.

Where does that leave the customer? What about that all important “Customer Experience?”

Many customers went looking for different suppliers and rightly so. Companies that have succeeded over the past ten to fifteen years are those that have matched process improvements - cost reductions and efficiency improvements - with customer service quality.

We have to start from the position that the product or service that is being offered is of high quality itself. It is important to note that service quality, without matching product quality, is NOT the answer. High product quality with low service quality will fail as will high service quality with low product quality.

In the eighties, Dr. W. Edwards Deming and J.M. Duran were “discovered” by American business. This was as a result of their work in Japan. Japanese Management became highly respected during the eighties as a result of the success that Japanese companies had in obtaining high marks from consumers in the United States as well as across the world. The success of “Japan Inc.” caused serious consternation in America as well as in other countries.

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are now available for viewing on
YouTube and Vimeo?***

One of the most important items to remember is that the response received here in America, once the way was found, was rapid and profound. Change was revolutionary in scope. The mantra of Deming - “constancy of purpose” was applied single-mindedly to many aspects of businesses, very successfully!

The dilemma is that most companies attacked and solved problems that were well known. The other concern is that the problems that were solved were problems established and identified inside the Company. This was NOT a focus on the customer experience. This was NOT a Customer Service Focus.

To many companies the rewards - profit improvements and return on equity - were indicative of brilliant strategic thinking and strong leadership. The trouble is the results were from solving the EASY things. The low hanging fruit was picked off. The true solutions are never that simple. Normally, the simple solutions are not long lasting. Whatever competitive advantage was derived from the quality movement was lost when everyone became an adherent to the same principals.

“The Customer Experience” is important because it includes the CUSTOMER.

This is quite different and not nearly as easy! It involves constantly surveying and adjusting. It requires strong customer relations. It requires partnerships and an openness to criticism that is rare. But the results can be overpowering. Imagine “Customers for Life” - theirs and yours. Imagine “Zero Customer Defections.” Imagine your customers being “Apostles” for your business.

One of the strange truths about business is that most “management measures” used during the past ten to fifteen years have been inward looking. These measures evolved from the serious financial crisis that we lived through in the early eighties. This was a time during which many companies in the Heavy, Light Industrial and General Equipment Industries went bankrupt, good management or not, well run companies or not. Many dealers went out of business.

Good people. Good Companies

We are very sensitive to this fact. We have instituted many financial measurements. We have created business models to follow. In other words, we have established early warning systems that will allow us to avoid the problems that existed in that period of time. We were blindsided by high interest rates and unprepared for the consequences.



The trouble with these measures is that they are misleading us. They do not look out to our customers. They deal with profitability and productivity. They do not measure market penetration nor do they measure customer satisfaction. Remember, inward looking companies that rely on

industry standards are destined to fail.

- In the sixties we became busy with the problems with machines and warranty type repairs took a lot of our mechanical time.
- In the seventies the market was so hot we could barely keep up with deliveries of new machines. These periods caused our customers to perform their own maintenance services.
- In the eighties between "repos" and the need to survive the devastating reality of 20% interest rates we backed away from the customer yet again.
- In the nineties we didn't want to rock the boat. Business improved and we did not attempt to change too much - we were afraid that we would jeopardize our success.
- In the aughts we recovered from Y2K and then ran into the “Financial Crisis.”
- In the tens we have the shock of the 09/11 and what it did to the American psyche.
- In the twenties we have had the Pandemic and political turmoil.

Now, we are confronted with paradigm shifting questions. There are signals everywhere that point to serious adjustments in the market place. Yet we still hesitate to change.

Listening to Customers

In the sales process we are taught repeatedly and consistently that we must give before we get. We must listen to our customers. That is well and good but how many of us truly do listen to the customer? Sure, we have participated in the surveys our manufacturers have initiated – “The Customer First” type surveys. They asked our customers if they knew the "Service Manager" and were they introduced to them.

But is that what we mean by listening to our customers?

Listening in telephone sales involves a much more complicated feedback system than “face to face” selling. You don't see body language, facial expressions, the look in the eyes. The only signals that exist are vocal. The tone of the voice, the pace of the response, the emphasis and diction will provide clues as to how the customer feels about the discussion. Listening skills are not just in content of the response but also in how things are said.

The keys to listening are:

- Don't interrupt
- Focus on what the customer is saying - it is too easy to slide in and out of a conversation
- Pay attention to KEY words. Listen for emphasis of these words. Listen for repeat themes
- Mirror the customer. Be calm if they are - quiet if they are - be what they need you to be
- Watch out for your use of jargon. DON'T use terms the customer doesn't understand

Takes notes on the call. Fill in a call report so that you can keep track of what has happened in the relationship. No one can remember everything about every sale over a long period of time. Note and pay attention to "significant" happenings, that tough problem or that great success they had. Anything that is important in your view in the relationship you have with the customer. This call reporting structure is not a babysitting control issue for the Company. This is information for you to use to be more effective in your business with customers.

One final point on note taking and listening. You will not always be on the job. Sometimes you will be in the field with customers or will be on vacation and someone else might have to fill in for you. How will they know what to do if you do not leave a road map of where you have been?

Norman Vincent Peale said, "Getting people to like you is only the other side of liking them."

Actively Listening to your Customers

Customers have needs beyond completing a simple business transaction; they have emotional needs as well. They need to feel welcome, important, valued, and understood. There is no better or easier way to show your customers respect, concern, and understanding than by really listening to them.

An old saying states, "There's a difference between listening and waiting for your turn to talk." If you don't actively listen to your customers, you may assume that you know what they want, but you could be wrong. Don't conclude that you should know what the customer wants after the first few sentences. You may need to ask for clarification before you fully understand the situation.

Listening is not the same as hearing. Hearing is a physical act of processing silence. Active listening means trying to find the real meaning of the words as well as the unspoken message behind them. In addition to the facts, you evaluate the speaker's tone of voice, body language, emotional state, and the context of the situation. Your goal is not just to hear words, but to understand the other person and let him or her know that you understand. That is how we let customers know we care, the essence of service with heart. Five guidelines that will help improve your act of listening skills follow.

Five Steps of Active Listening

1. Be ready to listen. Have paper and pencil handy or have your computer cleared and ready for the next customer contact.
2. Be ready to take notes where appropriate. If you are on the phone, let the customer know you are taking notes. Say, "I'm concerned about this, so I'm writing it down." When customers know you are taking notes, they are less likely to repeat themselves. This may also help them organize their thoughts.
3. Show that you are listening. If you are speaking to the customer in person, use your body language, stance, posture, and eye contact to show attentive silence. When talking on the phone, use attentive words like "ok" or "I understand" to provide verbal reinforcement. This lets the customer know you are listening.
4. Ask questions. Your goal is to get the customer to talk to you. Find out what he or she really wants. If things don't work out, help the customer vent some anger and frustration.
5. Restate the customer's points. Don't just repeat what the customer said. Repeating is condescending and patronizing. Put the message in your words and don't restate the entire idea. Instead, emphasize the main points. Restating also invites corrections from the customer. This way you will know when you're on the right course.

Your total communication including your body language, tones of voice, and choice of words will help you deal with situations with your customers. But as important as your responses to your customers are, don't overlook the most important part of communication - listening. By listening attentively and making a real effort to understand your customers' concerns, you show the respect and understanding that are important parts of providing service with heart.

Learning Without Scars



As a third-generation educator, it is easy to say that teaching and training are in the blood for Ron Slee. From his beginnings as a coach, through his time at McGill University, Ron developed a foundation for the work he does today.

Learning Without Scars provides comprehensive online learning programs for employees starting with an individualized skills assessment. These assessments allow us to then create a personalized employee development program. From their assessed skills, the employee is asked to select from classes designed for their skill level which allow them to address the gaps in their knowledge level. This allows the employees to move through four progressive categories of learning: Basic, Intermediate, Advanced and Expert.

Class References

- [Customer Loyalty](#)
- [Delivery Systems](#)
- [Leveraging Service Assets](#)

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Do You Know The Answer?

Which heavy equipment manufacturer supplied transmissions and gun carriages for tanks in WWII?

Educational Resources

All of the resources listed below can be found on our website : www.LearningWithoutScars.com under the Resources menu.



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We created a list of recommended books that have come across our table and that we thought you would enjoy reading. They are sorted by category and cover a wide range of topics to enhance your knowledge.



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