

Customer Service - An Innovative Approach: Case Study

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Abstract

Objective: Objective of the case study titled “Customer Service- An Innovative Approach” is to illustrate how innovation can help for developing the customer service process in an organization. The study outlines the relevance and importance of innovation in service marketing for enhancing customer delight and for having strategic advantage in a highly intense competitive environment. **Method:** Case study approach has been taken for fulfillment of above objective. The analysis has been made of major seven gaps which fueled customer dissatisfaction at the organization HM LTD i.e. knowledge gap, standard gap, delivery gap, perception gap, service gap, interpretation gap and communication gap which were instrumental for corrective actions by the company. **Findings:** In this study, handling of customer complaint has been one of the key issue which involves basic customer complaint settlement policy of the organisation, interaction and response from the employees of the company who provide service as well the outcome of the complaint to compensate the losses, inconvenience, time and energy spend during the service recovery. It also highlights importance of technology as a tool for innovation and explores how to use technology to reduce the gaps in customer service processes caused by manual interventions. **Novelty/Improvement:** The case study highlights the fact that it is a critical success factor for any organization to have a customer friendly and barrier free system to capture customer complaint since customer are the most valuable asset base for the organisation. The case also illustrates how an organization can convert a problem into an opportunity for improvement.

Keywords: Customer Services, Gaps, Innovation, Technology

1. Introduction

Learning Objectives

The major Learning objectives of the case Study will be to:

1. Understand the strategic importance of customer complaint and feedback capturing system for competitive advantage
2. Identify the service gaps creating customer dissatisfaction in an organisation and do Gap Analysis
3. Frame the main characteristics of a customer complaint system and design an effective customer complaint capturing system.

4. Appreciate the role of Information Technology for enhancing the effectiveness of a customer complaint and feedback handling process
5. Understand the long term benefits and impact of service recovery process on customer loyalty

It was a fine afternoon. President¹ of Heavy Machinery Limited-CEG division in his Calcutta Head Quarter office is disturbed over a phone call received one hour back from Regional Manager (Marketing), Eastern Region of Steel Marketing Organisation, the marketing Unit of QSTEEL Limited. Regional Manager (Marketing)², Eastern Region, QSTEEL has called to request immediate

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attention for repairing of the Industrial Mobile Crane in the Ware House of QSTEEL at Newtown.

Regional Manager (Marketing) QSTEEL has mentioned to that specific complaint was lodged with HML by QSTEEL in the early morning and they have no information even when the call will be attended. Major project is completely stalled at the site and they are incurring huge losses due to this. He even threatened that QSTEEL will impose legal implications for the losses they are incurring as the service contract had promised engineer visit within 4 hours of receiving the call. During the conversation, Regional Manager (Marketing), QSTEEL also narrated similar incident 3 month ago when the delay in response from HML had created immense problem for QSTEEL, which was subsequently sorted out at Service Manager level.

QSTEEL is a high value customer of HML for both Industrial Mobile Crane (8MT-15MT) and Rough Terrain Mobile crane (25MT- 50MT), which are used in their Raw material Division in iron Ore Mines and finished product Ware Houses at various locations all over India. And this was not one, every day and other, customer complaints were flowing in. News floated that several loyal and key customers were frustrated over the delay and information mismatch in the service system

The President is disturbed over the delay in response and lack of communication from HML Service Department to QSTEEL after receipt of the complaint from a high value customer like QSTEEL and has asked for a detailed report for the specific complain from the Regional Service manager³, HML. He is waiting for the report for last 20 minutes. He was confident that unless some drastic change is made in the service process HML is surely to lose the competitive advantage that it once enjoyed.

2. The Complain

Newtown Ware House is one of the biggest warehouse of QSTEEL and is under the control of Branch Sales Office, Kolkata. Steel Marketing Organisation, the Marketing Unit of QSTEEL has given the material handling contract to M/s Srinivasan and Co. Ltd. The Handling Contractor has to receive the material from the Railway sidings, stack the material as per stacking plan, shift the material to the weighbridge and load it to the Trailer of the customer after weighing. The

handling contract indicates payment by QSTEEL to the Contractor as per Tonnage of Steel received and delivered to the customer. He is responsible for proper stacking and safety of personnel working in the warehouse

On the said date, the client⁴ site supervisor of M/s Srinivasan and Co. Ltd, posted at the Newtown Warehouse has reported some problem in the sling rotation of the Industrial Mobile crane and has requested to the warehouse manager to book a complain to HML. Any effort for operating the crane might endanger the life of handling workers and hence the supervisor has advised the crane operator who is employee of the contractor to stop operation and has informed the Ware House Manager of QSTEEL regarding the problem. Ware House Manager⁵ of QSTEEL at Newtown warehouse has been hard pressed from the morning because of demand of delivery of 10000 T of material on a single day to various customers. During the month end, the demand of delivery at the WH had increased considerably since a special discount was announced by the QSTEEL 15 days back for lifting of bulk items of light structural. 2000 MT of channels and angles, received from Salboni Steel Plant had to be delivered to the customer for which the customer M/s N K Realtors has organised the transporter for lifting the material at the Newtown stockyard. The transport trailer had arrived at the stockyard premises 2 hours before the delivery schedule. The material had to be lifted by mobile crane for weighing at the weigh bridge and loading. The customer had made the payment at the Branch Sales Office of QSTEEL at Kolkata one day earlier and the delivery order was already available in the WH through SAP system.

Considering the heavy demand, the contractor has organised more number of contract labours for the day and all the mobile cranes were required to operate with full efficiency so that the delivery schedule could have been adhered. In this hectic schedule, the 15-20 MT mobile crane supplied by HML has stopped to operate. The crane was owned by QSTEEL and was purchased from HML in 2013 and was under maintenance contract with HML. The Warehouse Manager immediately contacted the Area Service Manager⁶, HML r over phone at 9 AM in the morning. No response has been received from HML till 2.00 PM and the crane is down for more than 6 hours without any operation. The Ware house manager informed the Branch Manager⁷ of QSTEEL Kolkata

Branch regarding the problem with apprehension of further delay in delivery.

The customer in any case had to pay to transporter for the additional halting charge which he may claim from QSTEEL. Further the material i.e. channels and angles had to be delivered for construction of a housing project near Dunlop area. The construction is going on war footing basis for completion of the project before end of June and the possession has to be given to owners, who have booked the houses. Any delay in the project will damage the reputation of the promoter and they have to pay for the delay.

Upon getting a call from the Branch manager, Vice President⁸ (Marketing), QSTEEL has contacted MD, HML. As per the report of his BM, similar situation has also happened 3 months ago.

3. HML Service Process

Regional Service Manager manually maintains all the complaints received from various clients, the service status etc. The moment he has received the complaint, he has found out the local service engineer⁹, and has requested him to take care of the problem. Local service engineer is in charge of client service for high value customer like QSTEEL. Regional service manager has not received any feedback so far and has not been able to close the complaint. After getting the call from the President, CEG, he has started tracking the call status, since no immediate information is available with him.

4. HML - A Corporate Profile

HML is India's leading providers of technology intensive, application specific heavy engineering equipment for use in core infrastructure sectors.

HML's product profile consists of material handling equipment, earth moving equipment, industrial generator sets and diesel engines. The product line-up represents some of the finest international brands. Setup in 1944, HML's track record of over 5 decades represents on going contributions to Indian infrastructure development through introducing high-tech, state-of-the-art equipment in the Indian marketplace and Enhancing India's technology base. It has contributed to India's infrastructure projects to improve performance, productivity and economy, through deployment of globally reputed brands.

HML Ltd. (Formerly Tractors India Limited) was founded in July 1944 and has seen the great heights of success and glory under its present Chairman¹⁰, an entrepreneur of exemplary vision and drive. It started as a modest ten men operation, which was engaged in manufacturing and selling of cranes and earthmoving equipment. In 1962 HML became a public limited company with its corporate headquarters at 92, DH Road, Kolkata.

Today HML is India's one of the foremost providers of equipment critical to infrastructure development. HML is a preferred source of state-of-the-art equipment for all core infrastructure sectors – mines, oil and petrochemicals, irrigation, power, steel plants, engineering and construction, ports and railways, defence, cement, fertilizers, hospitals and many others.

HML operates through three Strategic Business Groups – Construction Equipment Group, Material Handling Group and Power Systems Group with an annual turnover of around Rs. 400 crores. HML operates with a network of thirty-six customer support offices and two regional offices at Kolkata and Delhi, two manufacturing facilities at Kolkata and Sahibabad and an overseas office at Thimpu, Bhutan. HML's Subsidiaries – Myanmar Machinery and Nepal Machinery represent Blatter in those countries. It fulfills the infrastructural support needs of a large number of corporate and commercial customers and has also established leadership in the field of commercial earthmoving equipment ranging from bulldozers to excavators.

5. Business Groups

5.1 Material Handling Group (MHG)

HML is India's composite source for a wide range of material handling equipment. It is an established leader in the field of rubber tyre mobile cranes, with the country's largest manufacturing range spanning from five to hundred tones.

The MHG's manufacturing range also includes other types of material handling equipment – fork lift trucks, reach stackers, self-loading trucks cranes, multi-axle transporters, equipment for Defence. HML's manufacturing operations are based on technical collaboration with world leaders. Manufacturing and marketing of material handling equipment under various foreign collaborations as mentioned below:

- | | |
|---------------------------------------|------------------------------|
| a) Cranes | - Grove World, U.K. |
| b) Industrial ForkLift Trucks | - Bosson Grade, U.K. |
| c) Reach Stackers | - Industrias Lunar, Italy |
| d) Aerial Platforms and Lorry Loaders | - National CranesInc, U.S.A. |
| e) Heavy Duty Cranes | - Manitcork, U.S.A. |

5.2 Construction Equipment Group (CEG)

As dealers for Blatter since 1944, HML is the provider of a comprehensive range of Blatter earthmoving equipment to priority sectors, dozers, dump trucks, loaders, excavators, motor graders etc. These equipments serve as crucial inputs to operation of projects and development of the country's infrastructure and is looked after by the CEG group. HML's franchise for Blatter comprises Eastern India, Northern India and Bhutan.

5.3 Power Systems Group (PSG)

HML serves the market with diesel generator sets powered by Blatter engines made in India (180 KVA – 2275 KVA). For higher ranges, HML offers Blatter Power Systems, including gas/ heavy fuels based Blatter engines. HML also undertakes assembly, supply, erection and commissioning of Diesel Power Generating sets based on Blatter engines procured from Blatter or Hindustan Power Plus Ltd. These operations are controlled by PSG.

HML's manufacturing facilities at Kolkata and Sahibabad use state-of-the-art manufacturing equipment to ensure that the products have consistent quality and reliability.

The Company has gradually consolidated its position in the field of Earthmoving Equipment, Diesel Generating Sets, Material Handling Equipment (including Cranes). To be a leader in these areas, it has the support of and tie up with leading international companies in the respective fields. They also have the privilege of being the Dealer of BLATTER Inc., USA – World leaders of Earthmoving Equipment – consistently for the last five decades.

The success story of HML is based on their commitment towards product quality and ensuring customer satisfaction.

6. Product Quality

HML deals with two types of products – imported and indigenous. Quality of imported products is maintained

by the OEM in terms of maintaining Quality certifications, thorough Testing, Rand D expenditure. The product downtime is minimal. In case of failure service is prompt. However, if some components have to be sourced from the OEM, it has higher lead time as the inventory policy is of Source to order.

Indigenous products are comparatively cheaper and sold on larger volume. Machine breakdown is comparatively on higher side although service and machine downtime is minimal as the component are immediately available as the product is manufactured locally and good inventory is maintained to ensure high service level.

7. Corporate Vision

“A responsible corporate citizen, valued by customers, respected by principals, and worthy of high esteem of all stakeholders. We will achieve this by building a world class service”.

8. Management Values and Style

This brief is an expression of HML's aspirations and reflects its basic values and culture.

As a Company, HML enjoys a fine reputation which has been painstakingly built up over the years. It is an amalgam of factors such as professional management, the quality of its products and services, sound financial policies and its sense of business ethics. HML believes that employees are our most valuable asset. In recognition of this, we endeavor to attract, develop and retain talented and dedicated people and create a challenging and congenial work climate in which they can work with pride for the success of the Company.

HML must achieve a high level of customer satisfaction by offering quality products and services which satisfy their needs. Provide superior value for money. Be a customer- oriented organization. Meet our commitments to customers with respect to quality, cost and on-time delivery. Maintain a high standard of prompt, efficient and courteous service before and after sales. Respond to customer needs and problems with innovative solutions and keep them informed of new technologies and products. Build long-term relationships with customers and win their lasting confidence.

HML is aimed to provide progressive and professional environment to their people and strive to create

a climate where work is challenging and interesting and offer growth opportunities to our people. The Company believes in maintaining an open and informal organizational culture which recognizes initiative and superior performance of our employees. HML encourages an entrepreneurial spirit of risk taking and experimentation.

HML wants all employees to strive to better serve customers, conduct themselves in a manner which enhances the corporate image and reputation, respect the rights and dignity of fellow employees. To maintain a cooperative attitude at the workplace and work collectively with other individuals and groups as members of the same corporate team. One needs to show initiative and dedication in their job and always strive for increased efficiency and productivity.

Business Flow of HML included the following and a host of other associated service processes:

Understanding the different needs of customer services to the customer and accordingly evolving of the service department into:-

- Pre Purchase Consultancy
- Equipment Investment Analysis
- Quick Parts Availability
- On-Site Service
- Engineers "On Call"
- Complete equipment rebuild
- Regular tailored customer training on operation and maintenance
- All India Support Network
- Support Centers in Nepal and Bhutan
- Preventive maintenance planned through Annual Service Contract

9. Major Service Innovations

Rental service over Buying: A major growth partner to India's infrastructure development, HML also brings the global concept of providing equipment on rent for both construction equipment and power systems, thereby giving customer the option of renting out or buying the material based on its business feasibility or principles.

Used Equipment: HML also initiated the idea of selling used equipment thereby helping the reverse supply chain of the entire process on the same principle as we know in today's context of MARUTI's 'True Value'.

Customer Relationship: In HML, care is being taken to maintain relationship with customer rather

than just a onetime sale of equipment. Customers are provided with not only prompt, efficient and courteous service but also proactive response to their needs and problems with innovative solutions and kept informed of new technologies and products. Customers are cared for long-term relationships and to win their lasting confidence.

The company has segmented the customer base into following tiers:

Platinum - also called *Premium* customers in HML

Gold - also called as *High Value* customers in HML

Iron - also known as the *Base* customers in HML

Lead - also known as *Low Value* customers in HML

The segmentation has been arrived based on the criticality of the project and the quality of service as desired by the customer. Service level agreement has been reached with the client depending on the acceptable downtime specified by the clients. Platinum support promises high-est uptime of machines and is the highly priced.\

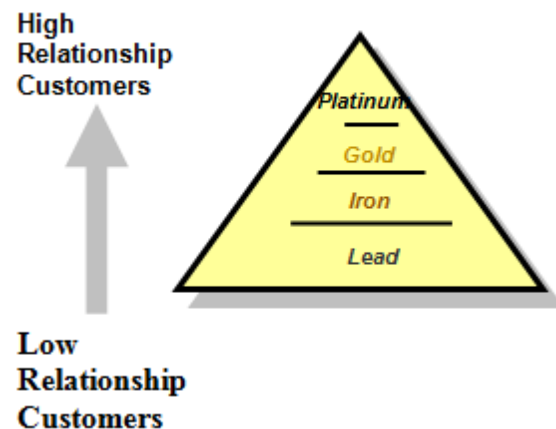


Figure 1. Customer pyramid.

10. Customer Service in Practice

Although in its corporate vision and philosophy the company stressed on high quality customers service. However, in real life the service was quiet dissatisfying for many. Customers used to complain of poor service quality, high downtime and most importantly very slow and inefficient communication.

With the growth of Indian Infrastructure based industries in recent times, the volume growth of the business has exponentially increased. Thus the legacy method of

servicing was completely mismatch comparing to the industry standards and downgraded customers' expectation a lot. The products were typically very high priced and project critical products. Thus the consumer perceived that they will be getting world class service from the vendor after they purchase. Minimizing downtime due to machine failure was a major goal for the project managers of the customer. Even if the machine was down they need accurate information when the machine will be operational again so that they can plan their project schedules accordingly.

11. Market Scenerio

The infrastructure industry as a whole was in a booming stage. This boom impacted the industry as a whole and benefited in HML's growing business. The industry had a typical characteristics of low volume high quality product requirements. Blatter products are considered to be the best in the world and are extremely suited for tough conditions.

Thus most of the high projects of several clients relied on Blatter products only due to the high suitability of the product itself. However, with the passage of time HML started to feel the heat of strong competition in its sector from companies like Tand L, Tomatsu etc. They were trying to replicate and neutralize the product advantage of HML. Thus there was no way left for HML other than to consider its customer segments and their requirement seriously.

Customers were extremely satisfied with the performance of the products but confidence on service was taking a downward route. HML anticipated that several of its loyal customers are moving away from the zone of affection to the zone of indifference and the zone of defection. In fact, they turning to be fence sitters and this was dangerous as any competitor can easily lull away the customer if the switching cost is not very high.

12. Business Partnerships

HML started its business as a major dealer of Blatter Inc. a technology leader and the world's leading manufacturer of construction and mining equipment, diesel and natural gas engines and industrial gas turbines. As par dealership contract with Blatter, HML is the sole dealer approved to sale Blatter items in Eastern and Northern India. The

other dealer of Blatter who caters to the Western and Southern India is HMMCO.

Initially HML concentrated on projecting itself as a Blatter dealer only. However, with the passage of time it was discovered there was a huge market opportunity existing beyond Blatter equipment which HML was already selling. Blatter equipment were catering very well to the big and quality conscious customers. Blatter equipment were much more expensive than alternatives available in the market and was useful for customers who were looking for lower downtimes and higher performance.

Apart from that lots of other companies were using some alternative comparatively cheaper products for some of their not so mission critical jobs. Market research and experience showed that market size of demand was quiet large. Based on this HML made a strategic decision of producing and assembling its own construction and mining equipment. Thus HML expanded its business and customer base by providing a whole array of new products.

With the widening of its product range the requirement for high quality service was quiet imminent. However, in reality HML in most of the cases continue with its old process of service. Customer used to call in the HML's office and logged call with the service manager for their service related problems. The service manager used to allocate the call to the engineer manually. The engineer used to visit the customer site for problem diagnosis. In case the call was closed it was updated in the daily call report maintained by the service manager else the call forwarded as open call in next day's pending calls. The procedure was completely manual and had significant chances of manual error which occasionally led to customer dissatisfaction. In case the call remained pending due to requirement of spare parts the downtime increased due to slow and ineffective manual communication. In many cases manual error resulted in late delivery of spare parts adding reasons to the downtime of the system.

13. Blatter Inc.- A Global Strategic Player

For more than 80 years, Blatter Inc. has been building the world's infrastructure and, in partnership with its worldwide dealer network, is driving positive and sustainable change on every continent. With 2014 sales and revenues of \$36.34 billion, Blatter is a technology leader and the

world's leading manufacturer of construction and mining equipment, diesel and natural gas engines and industrial gas turbines.

2014 sales and revenues of \$36.34 billion were up \$6.03 billion, or 20 percent, from 2013. The increase was a result of \$3.72 billion of higher sales volume, \$1.827 billion of improved price realization and a \$363 million increase in Financial Products revenues. Approximately half of all sales were to customers outside of the United States, maintaining Blatter's position as a global supplier and leading U.S. exporter.

14. Blatter Dealer Network

Blatter's global dealer network provides a key competitive edge - customers deal with people they know and trust. Almost all dealerships are independent and locally owned. Many have relationships with their customers that span at least two generations. Blatter dealers serve equipment, service and financing needs for customers in more than 200 countries. Rental services are offered through more than 1,500 outlets worldwide. For more than 80 years, customers have turned to Blatter to help build homes, roads, businesses and communities around the world. As global population continues to grow, and as the limits of our resources become increasingly apparent, the need for Blatter® products and services as enablers of sustainable development is even more important.

15. The Problem

HML's started its operation around five decades back. However, in recent times and specially after liberalization the market dynamics for most industries have changed. Gone are the days of monopoly and supremacy due to products alone. The mantra of modern period is delighting the customer with its services. However, HML realized the same only it when its statistic showed that it is losing some of its loyal customers. However, the business as a whole was growing due to infrastructure boom. However, profit margin was decreasing as because it was losing the competitive advantage of having loyal customers.

Operating costs were on the rise as new customers were more cost conscious, highly demanding and negotiated huge discounts for switching to HML as their vendor. Error and lack of knowledge of the new customers increased the service cost for HML. The management

was worried. Marketing problem coupled with supply chain issues crippled the business process. Customers were shouting day in and day out as their machine downtime was increasing. Because of the type of projects, the customers of HML are into, they suffer huge losses for any downtime of the Blatter engines or HML systems. The machineries were mainly used in the project sites where fixed cost was extremely high and cannot work without the help of these machines. This implied machine failure completely stalled the projects. Thus HML had to improve its service in some way or other.

The Managing director called up the President and asked to find out an immediate solution to the problem. The President arranged for several meetings with the service managers, product support team, MIS team to understand the root cause of the problem and thought probably that will lead him to a definite conclusion. He also collected a detailed feedback from the customers, patiently hearing about their complaints and issues. After a detailed study he reached that following are the major deterrents to good service quality.

Most of the machines were running at project sites of the customer which was quite remote. Due to lack of proper service management system, service call allocation was arbitrary and engineers were attending the calls in order of their convenience of visiting the remote site. The allocation of engineers was mostly through verbal communication. In many cases it happened that the engineer was very close to the project site but he could not attend the call as the call allocation to the engineer had not been done. Solution to majority of problems required replacement of spare parts. The engineer used to come back to the office check their system for availability of parts and placed an indent for the same. Once the parts arrived the engineer used to revisit the site to fix the problem.

However, the lead time of the process was quite large and was not acceptable as per industry standards. Above its own problem BLATTER had laid down stringent Six Sigma procedures for its own operation and was insisting on stringent quality procedures to be followed by its dealers also.

16. Design of the Customer Service / Fault Maintenance

Old Service Process: Being in the field of products which require very high level of customer service, designing

a proper customer service process had been critical to HML ever since the inception of the company. However, the major drawback of the service process was there was huge manual intervention in the process. This resulted in frequent error and mismatch between the different stage of the process. Typically the customer service process operated in the following manner:-

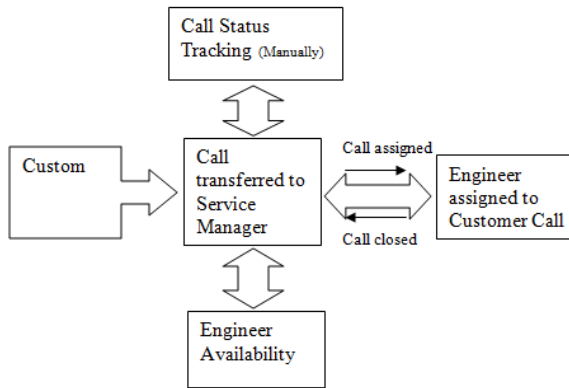


Figure 2. Customer service design.

- Customer called directly at HML (office/branch): The customer service telephone number had been intimated to the customer while making the purchase
- Calls were received by the Service Manager who allocated the same to engineer. The Service manager was responsible for judging, categorizing the call and allocate it to the most suitable engineer based on his own judgment of engineers’ skill, time and location.
- Service Manager used simple MS Excel as his database for call status tracking.
- The engineer visited the site and inspected the problem. Major problem aroused in cases where there was requirement of spare replacement or additional spare parts. He used to return to office and indented for the spare parts from Blatter.
- The parts arrived at HML office and the arrangement were done to send it to the customer site.
 - After that the engineer visited the site and used to fix the problem
 - On receipt of Field Service report Service Manager used to update/close the call

17. Problems of the Old Method

- Very difficult to track old call history

- Engineer allocation dependent on the Manager’s discretion
- Calls closure lead time was very high as information flow problem in case of remote locations
- The engineer was in no position to intimate the customer on his first visit about the tentative time the customer will receive his parts
- No formal cross checking system with customer on call closure-Dependency only on engineers service report
- Clearly there is one-way communication between Customers and the service manager in the formal flowchart and absence of any feedback system.

Seven Gaps which Lead to Customer Dissatisfaction at HML

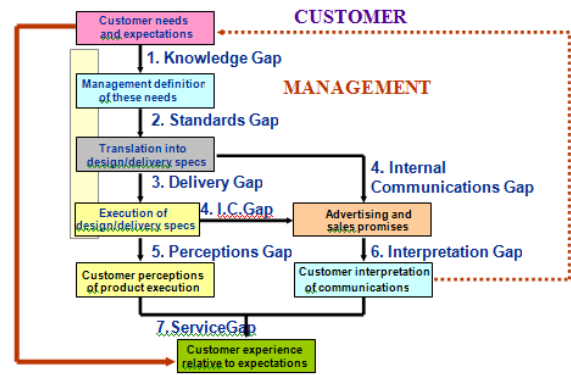


Figure 3. Gap analysis.

Gap analysis⁴¹ which fueled customer dissatisfaction:

Knowledge Gap: This gap was created because HML thought that customers will continue with the delay in service which they used to tolerate ten-fifteen years back. However, in reality the customer was extremely conscious about the downtime they were having of their machines. They were incurring huge financial losses due to machine downtime which HML was unaware of.

Standards Gap: Although HML management promised of high quality service for their machines, However, in real life the increasing downtime and following of age old process of providing support services created this gap

Delivery Gap: While taking the order HML promised of excellent service quality and other related attributes. However, due to lack of efficient management system the real picture was completely different in the delivery processes. There were lack and delay in communication to

the customer. The customer had no information when his machine will be up¹².

Internal communication Gap: The sales person had little idea what was going on the service of the products they have sold to the customer. The sales person used to promise a quality of service which was not being met in actual situation¹³.

Perceptions Gap: Since the service component was high on experience and credence attributes there was no way for the customer in evaluating the service quality. The service quality perceived by the customers were often different than what HML expected as the customer was unable to accurately evaluate the service quality. The problem only magnified with newer customer base.

Interpretation Gap: HML often misinterpreted the requirements spelled out by the customers. This happened due to lack of proper documentation system of the actual hours of downtime of the machines and HML had little way to nullify customer remark on the downtime of a machine¹⁴.

Service Gap: This was a major component which involved the hygiene and enhancing factors as expected by the customer. There was complete lack of any enhancing factors and credibility of the hygiene factor was also being questioned by the customer¹⁵.

18. New Service Process

Description of the New Process:

Customer calls in a pre-assigned toll free no. The call is picked up at dedicated call center who has much sophisticated and professional way of handling customer calls.

Customer complaints / requests get registered with unique complaint no which is also communicated to the customer when he registers the complaint.

As soon as the complaint gets registered the service manager gets automated instant information about the call through email/SMS/web based call tracking system.

The web based system keeps real time tracks of all service related process going on at HML. At any point of time it can check which engineer is allocated to which call and what is the status of that call.

The engineers are provided with mobile phones and are auto reminded through SMS for sending latest updates on the status of their call which automatically gets updated in the web based system.

Based on the information the service manager allocates the call to specific engineer who gets the intimation through SMS and has to acknowledge that. On his acknowledgement, the system gets updated and shows the call status as allocated. The customer also receives automated information that the call has been allocated to which engineer and the tentative time the call will be attended.

The web based system and the SMS server is also integrated with the companies ERP system. Thus real-time availability of spare parts is also available to the engineers at any time. Thus the engineer can immediately inform the customer on the tentative date of arrival of the part. The supply chain process for spare part has also been improved to a great extent through application of six sigma based processes and thus customer is intimated of the exact downtime of his machine on the very first day of the engineers visit. This has been extremely helpful for the customer for his planning and scheduling of his project work.

In case the service personnel do not acknowledge the SMS, the supervisor gets auto intimation of the same. In case a call lies unallocated for more than 30 minutes, system sends auto reminder to the service manager with a copy of the same to his supervisor.

In case any call is unresolved beyond a certain no. of days the system automatically sends the information to the managers and supervisors. Thus escalation of unresolved call has become automated and there is no scope of any call remaining unattended or unresolved for no reasons.

Once the call is resolved the service personnel intimates the system through SMS which automatically updates the system and closes the call. As soon as the call gets closed an automated email is sent to the customer seeking feedback on the support service and any suggestion that they may think may improve the support process. The system has been extremely useful in information availability and many of the gaps which were present in the old system were addressed.

The system not only helps in day to day tracking and management of calls but has become a huge source of information and knowledge database for HML which is extremely important for high end customer service. The system is also equipped to generate all management reports generation related to services. Analysis of customer feedback is one of the major advantage which is incorporated in the system.

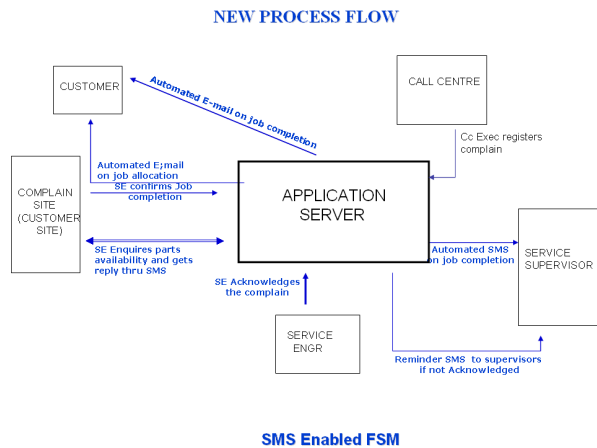


Figure 4. New FSM structure.

19. Turnaround

Latest innovation of SMS support: SMS Enabled Field Service Management

Features of the New Process

The system comprises of:

- Customer call Registration
- Allocation of Service personnel
- Auto update to the customer thru SMS or E-mail
- Tracking call status
- Tracking equipment status
- Tracking parts availability and price
- Parts Order Placement
- Retrieving equipment details
- Availability of MIS information through SMS

20. Benefits of The New Process

1. Possible to improve service process through automation
2. Lesser no. of customer complains due to call remaining unattended for longer hours
3. Service manager in a better position to track the status
4. Actual Downtime of machines decreased drastically due to efficient tracking of engineers, call status, knowledge on parts availability
5. Better information flow in the process decreasing customer dissatisfaction due to improper communication to customer and several more
6. Several of the GAPS of the old process has been addressed

7. Integration with the existing ERP system possible.
8. Capability of building Knowledge Database

However, the major challenge lies elsewhere. The service model which HML has implemented is not a very difficult model to replicate. In fact, several organizations are already leveraging on IT to provide such kind of innovative and efficient service management system. HML has to look further and think ahead of what others are planning to showcase their service competency in the industry. They should carefully consider what are the possible ways by which they can transform customer satisfaction to customer delight. What are the additional enhancing factors they can include in their bouquet of service delivery?

They really need to identify some core methodologies in service processes and delivery method which will be difficult to replicate by the competitors. So should HML continue with the increased investment in IT for enhancing service level or should they consider that a human touch rather than automated SMS system will be closer to customer's heart. Another major challenge is the acceptance and proper understanding of the high tech IT based innovations by the top management of HML. Unless the top management shifts its gear from traditional approach to an approach based on global competitive strategy the technology will be of little use for the company.

21. Teaching Notes

1. Did HM limited created value for the organization in the long run by spending on ITES?

Complaint handling is to be considered as a profit centre and not as a cost centre. In case a customer defects, the organization loses much more than a value of the transaction. It may lose profit on long term basis from potential customers because of negative comment of unhappy customer WOM and in social media.

By investing in ITES for handling customer complain, HML has created value for the organization with high ROI.

2. How important is it for any organization to have a customer friendly system to capture the customer complain?

There may be many customers, who are unhappy but are reluctant to complain due to various reasons like time

constraint, low expectations for any favorable outcome etc. However, these customers are likely to defect in case of availability of other options. It is a critical success factor for any organization to have a customer friendly and barrier free system to capture customer complaint.

3. What are the HML's key success factor for customer services and source of competitive advantages. Is it sustainable in future?

Key success factor of the company remain as the ITES it introduced for handling customer complain. However, the service model which HML has implemented is not a very difficult model to replicate. In fact, several organizations are already leveraging on IT to provide such kind of innovative and efficient service management system. HML has to look further and think ahead of what others are planning to showcase their service competency in the industry.

They really need to identify some core methodologies in service processes and delivery method which will be difficult to replicate by the competitors

4. What do you think the impact of service recovery on customer loyalty?

The risk of defection in today's market is very high when a variety of options are available to the customer. A customer may forget a qualitative service provided by the company, but usually retains the experience of facing a problem and the response received from the company to solve the specific problem.

In case the customer complaint could be resolved to the satisfaction of the customer, the rate of customer retention jumps to higher level. Highest retention is achieved if the complaint is taken care on the spot.

5. What are the inputs to be taken into consideration for designing a customer services process in case customer complain on a specific service is found to be regular?

It is important to identify the gaps in the existing process for designing a new system which can bridge the gaps. HML identified gaps like knowledge gaps, service delivery gaps, perception gaps, interpretation gaps, internal communication gaps, promise gaps before designing a new system.

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