



FEELING RIGHT AT HOME WITH SEARS HOME SERVICES

WRITTEN BY: BILL POLLOCK, PRESIDENT & CHIEF RESEARCH OFFICER

APRIL 2012

SEARS HOLDINGS



FEELING RIGHT AT HOME WITH SEARS HOME SERVICES

Sears Holdings Corporation (SHC) is the nation's fourth largest broadline retailer with over 4,000 full-line and specialty retail stores in the United States and Canada. Sears Holdings is the leading home appliance retailer as well as a leader in tools, lawn and garden, consumer electronics, and automotive repair and maintenance. Sears Holdings is also the nation's largest provider of home services, with more than 11 million service calls made annually. From a customer service perspective, Sears Home Services is the only national provider in its space – period – making more than 14,000 deliveries a day, and supporting its customers through its extensive North America service network.

According to Stu Reed, senior vice president of Sears Holdings Corporation, and president of Sears Home Services, “In a 52 percent referral business across our In-Home Appliance Repair, Delivery, Installation and Home Improvement Business Units, our customers have told us that process and technology, while vital, can only drive us to 58 percent of our customer satisfaction goals, and that a sustainable behavioral change is required to consistently deliver a ‘Recommend to a Friend’ experience. We have taken their feedback to heart, and have built our service delivery model to focus directly on producing a service experience worthy of telling family and friends.”

Says Reed, “We want to be the 911 and 411 of all services providers. We want to build ongoing relationships with our customers because we believe that once you get them and keep them satisfied, you can build a customer relationship that can grow stronger over time. This serves as the foundation for our Customer Engagement Model.”

The Customer Engagement Model – A Platform for Change

In 2009, Sears Home Services embarked on a journey to transform its relationship with customers from event-based transactions to a proactive Customer Engagement Model. This represented a major shift from a traditional, reactive customer service model to a customer-focused model built on a company-wide foundation of Pro-Advocacy that matches customer needs with the resources of a fully empowered team of customer advocates. As a result, Sears associates are now able to provide the levels of leadership and enablement required to produce a “service experience worthy of telling Family and Friends”.

Reed cites three key components that have driven this transition, including:

- Customer Satisfaction scores (CSAT) analyzed and reported at the Associate level;
- An Ethnography Study, designed to uncover the vital behaviors required by technicians to deliver world-class customer service; and
- Customer Experience Mapping, to define the critical elements of the customer experience across the entire service lifecycle.

FEELING RIGHT AT HOME WITH SEARS HOME SERVICES

The results of this triad of research analysis and customer mapping created a formidable launch pad that would allow Sears to meet – and exceed – its goals with respect to attaining 100 percent Customer Engagement, Pro-Advocacy and a “maniacal focus on the customer”.

Finding the Root of the Problem

The first results of the new customer satisfaction research made it apparent to Home Services management that its base offering needed to be transformed in order to satisfy customers and grow its current business.

Thus, the entire business embarked on an 18-month journey of exhaustive research and investigation in an effort to understand how to improve the Customer Experience in a 52 percent referral business – all pointing toward an outcome of Pro-Advocacy on behalf of the customer.

The principal tools used to kick off this aggressive program of customer advocacy were essentially:

- Statistical Analysis
- Ethnology Study
- Customer Experience mapping

The successful deployment of these initiatives are expected to result in the creation of the 100% Customer Engagement Standard Protocol.

Each of these tools contributed greatly to the design and development of the program and still contribute today to its ongoing maintenance and expansion. Reed explains, “Gathering real-time customer feedback, conducting ongoing temperature checks and analyzing post-service survey findings drive our customer engagement and continuous improvement performance management initiatives. In fact, Sears has deployed a series of customer feedback programs, including its Temperature Check Survey that has been rolled out nationally across all of Home Services.”

Sears currently captures data from more than 18.5 million surveys conducted on an annual basis. The results from these ‘Voice of the Customer’ surveys enable the ‘real time’, rapid advocate response to customer feedback that Sears management believes is critical toward attaining its targeted customer service performance goals. According to Reed, “We have looked at the lifecycle of the customer, and can now provide a response to every customer expectation at every level. Traditionally, we did not have CSAT down to the service tech level; now we do.”

FEELING RIGHT AT HOME WITH SEARS HOME SERVICES

Reed also says “The research has shown that merely dealing with processes such as providing customers with the service dates they want, avoiding rescheduling, showing up when promised and fixing the appliance the same day would only take us slightly more than half-way toward meeting their expectations. However, it corroborates that showing respect for our customers is the single most important factor we need to address – ultimately taking us all the way up to 95 percent satisfaction and beyond.”

He goes on to say “While we still need to understand any deficiencies in our ability to meet our process-related goals, the main focus for Sears is to demonstrate to its customers that we are delivering both the service and respect they require, and only by doing both, can we assure that our service delivery performance will meet their – and our – expectations. At first, this new way of dealing with customers reflected a behavioral change on the part of Sears’ associates and technicians; now, it’s just a normal component of the way we do business.”

From the original Ethnography findings, Sears has identified six consistent characteristics that appear to be unique to its top-rated technicians. These include:

- ***Graceful overall approach*** – reflecting a highly professional, chivalrous manner and a softer communication style;
- ***Relationship-focused*** – where the service technician understands that the job is about more than merely fixing the product;
- ***Resourceful*** – where the technician is more flexible, and able to find at least a partial solution that quells customer frustration;
- ***Inspire confidence*** – by looking the customer in the eye, actively listening and demonstrating knowledge of the appliance;
- ***Holistic approach to repair*** – by being observant about the appliance overall, and seeing and responding to more than just the problem at hand; and
- ***In a crisis: engage and empathize*** – and look for ways to help the customer vs. simply stating policy.

Using this insight, Sears has mapped out the resulting customer experience for each of its service offerings to ensure that every service transaction meets its Expected Fundamentals criterion and provides the Unexpected Delights that ultimately drive Customer Loyalty and Advocacy.

FEELING RIGHT AT HOME WITH SEARS HOME SERVICES

By doing so, Sears has also validated that the only way to arrive at its target of 100 percent Engagement Standard is to understand – and execute on – multiple dimensions such as:

- Relationships between customer experience and service delivery in terms of Life Stages;
- Service delivery channels, including on-line, phone, home and in-store;
- Engagement elements, including proactive-reactive and continuous improvement;
- Expected fundamentals of customer satisfaction;
- Unexpected delights, leading to both customer loyalty and advocacy; and
- Increased depth and breadth of its relationships with customers (i.e., Customer Relationship Management, or CRM).

Reed says, “Our main goal in utilizing this approach is to empower our support team to eliminate customer conflict. This coincides with our corporate vision for Sears Home Services to ‘become the first choice and trusted partner for home services needs, facilitating/delivering legendary customer experiences across a broad service offering.’”

By executing on its vision, Home Services has the opportunity to build trust with each customer engagement, which, in turn, expands the customer’s consideration set for future services – thus deepening the relationship. Whether relating to parts, home improvement or in-home services, it is Sears’ goal to:

- Maximize the Trust Equation in service delivery by utilizing the research and engagement tools available to set the stage for subsequent customer catalyst events, and
- Leverage the deeper aspects of the Post-Service relationship to proactively create catalyst events that do not violate, but continue to strengthen, the trust equation.

Creating Sustainable Change

The old Sears model was basically a cost-effective model. However, today, Sears’ model is supported by automated platforms that prioritize its customers by individual need, and vary its support team to meet their needs accordingly. As a result, Sears is better equipped to complete the service call on the first visit, helped largely in part by pre-screening and the use of a national parts model that ensures technicians have the right parts in their vans to result in a first visit fix. Reed boasts “our state-of-the-art parts management capabilities and software tools presently in deployment are what we intend to use to make this happen.”

However, much of Sears’ ability to create and foster the levels of sustainable change that will be required to reach its goal of 100 percent Customer Engagement Standard is the foundation that the company has built to transition its customer relationships from

FEELING RIGHT AT HOME WITH SEARS HOME SERVICES

Transactional to Trust-based partnerships. The goal of the 100 percent Customer Engagement Standard is to design and execute a customer engagement standard that achieves the following:

1. Satisfies the defining wants and needs of customers by specific customer occasions;
2. Establishes the foundation for a trust-based relationship via each customer interaction;
3. Increases the depth of the Customer Personal Relationship with Home Services and Sears Holding Corporation; and
4. Enables a greater breadth of products and services that are relevant to enhancing the lives of customers.

The Sears Home Services Pro-Advocacy Model

Home Services has also developed an engagement model for each of its lines of business comprised of proactive, reactive and continuous improvement engagement elements, known internally as Pro-Advocacy. Pro-Advocacy is defined as “a cycle that matches customer needs with a team of empowered associates, that through leadership enablement, produces a service experience worthy of telling family and friends”. Within Sears, Pro-Advocacy is focused on behavioral change supported by a Pro-Active Customer Engagement Standard to drive first time solutions, a rapid recovery process and a Continuous Improvement Management System.

The Sears Home Services Pro-Advocacy Model



FEELING RIGHT AT HOME WITH SEARS HOME SERVICES

Reed claims “The best way to get engaged customers is to have *over-engaged* technicians. Our technicians feel they are part of the team. They have business cards; they have telephone access to a call center advocate and case manager; and we continually support them in the field by soliciting and responding to their individual feedback.”

Says Reed “To support our technicians, we have also introduced our Temperature Survey, which is a means for finding out – directly from the customer on the day the service is performed – ‘how did we do today?’. Our technicians are provided with feedback the same day to ensure that there are no lingering customer concerns, and that all outstanding issues have been resolved. At the service site, our field technicians are able to turn their laptops around and allow customers to record their feedback in virtual real time. We handle more than 18.5 million customer engagements this way every year. We believe that the ultimate outcome of this approach is a customer base that chooses Sears as the place ‘Where I go for ANYTHING related to my home’.”

Temperature Check Surveys

Sears implemented its Temperature Check program, in part, as a means to measure and gauge customer feedback based on the following tenet: “Service is very different from buying an item one time. We continually collect feedback – and then, we use it!” Home Services uses the results of its real-time Temperature Checks and Post-Service Surveys to drive its Recovery Engagement and Continuous Improvement Performance Management programs. Reed believes that the Temperature Checks, in general, “drive our Pro-Active Customer Engagement through rapid Advocate responses to customers’ feedback”.

The process for conducting the Temperature Check surveys is quite simple, consisting primarily of direct interaction with customers at the time of service, asking such questions as, “How would you rate your overall Sears experience?” The responses are transmitted in real time to the Sears call centers for recording and processing. A Call Center Advocate is designated as the customer’s Personal Case Manager until all issues are satisfactorily resolved. Sears Associates can also request call center engagement if they feel that the customer is not satisfied at the end of the Service Engagement. Either way, the customer is covered until the issue is fully resolved.

Post-Service Surveys

Sears also uses Post-Service Surveys to drive its Continuous Improvement Performance Management through incentive metrics and management coaching based on specific customer experience feedback. Home Services customers can participate in these surveys via Web Link, email, or telephone. The surveys allow customers to provide feedback on their entire service experience through a six-question survey.

FEELING RIGHT AT HOME WITH SEARS HOME SERVICES

The results of the survey are then processed and reported in terms of a customer satisfaction, or CSAT, rating that is used as input into each Sears associate's Balanced Scorecard and incentive plan. Sears managers can then provide immediate coaching and follow-up to those associates reflecting less than satisfactory customer satisfaction ratings in any particular area. Finally, according to Reed, "We pay our people based in part on the feedback we receive from our CSAT surveys."

Determining Program Success and Next Steps

The results of Sears Home Services' Pro-Advocacy program have been very promising thus far, with In-Home experiencing a significant lift in both Net Promoter Score (NPS) and Loyalty scores following the rollout. Lift is calculated using the technicians' post-training survey results and subtracting the pre-training survey results. The Temperature Survey has been rolled out nationally across all of Home Services, capturing customer feedback from more than 18.5 million surveys annually and achieving significant results.

Reed notes "Home Services has also implemented a proactive social media strategy to the Customer Engagement Model utilizing Radian 6 technology. As such, we have rapidly engaged in the use of social media to identify and address customer issues, as our customers are very vocal in their assessment of the service they receive from their service providers.

We have received great results from our Temperature Surveys, and we have striven to be both proactive and quick in our response. We believe that a complaint is a gift – but only if you deal with it quickly and effectively," reports Reed.

What is next for Sears Home Services? Reed says, "Our next steps include executing on a comprehensive program of leveraging real-time data, targeting social media input sources and driving customer trigger points lower. We also plan to begin utilizing real-time agent level data, focusing on fixing the root causes of service issues identified through social media and other resources.

"Our customers help us define what is good customer service, and we respond accordingly. Our service recovery agents are fully empowered to do whatever it takes to satisfy the customer. Every service activity is case-based, focusing on what it will take to make the customer happy in terms of expected service delivery. Customers want to be listened to, and treated fairly with respect. That is our goal at Sears Home Services, and that is how our customer service model has been built," he says.

ABOUT THE SERVICE COUNCIL™

The Service Council™ is an exclusive community of Services Executives representing global, industry-leading, service-centric businesses. The mission of The Service Council™ is to provide a platform for innovation sharing, shaping and sharpening; where uncommon service-centric businesses can emulate the strategies deployed by Global Service Leaders.

The Service Council™ presents its annual *Smarter Services*™ Executive Symposium in April - May. The Symposium provides an invaluable opportunity to meet and network with Services, Customer Experience and Customer Management Executives in an environment conducive to advancing Executive relationships.

For more information on The Service Council™ visit www.theservicecouncil.com. For general inquiries please submit an email to info@theservicecouncil.com.