

# AIR CONDITIONING AND REFRIGERATION Journal

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**Superior Service**  
will Sharpen your  
**Competitive Edge**

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How can an air-conditioning company stand out from the crowd in a market that is saturated with scores of companies offering similar products/solutions at not too different prices?

Look at Dell – the world's number one personal computer company. Product-wise, Dell sells more or less the same computers as so many other companies, yet it leads the pack. Dell pioneered the direct selling model by eliminating the layers of resellers and distributors. Its business model is built around eliminating inefficiencies by dealing directly with customers, offering high-performance products and ensuring superior quality of customer service. Could an air-conditioning company do something similar and distinguish itself from the competition?

One potential area where much more and much different could be done is service. The reason for this is simple: Though service is often considered as a backroom department of an air conditioning company, it can have immense impact on a company's reputation, its market standing and customer loyalty.

Why not make service as a strategic area of focus and create a new competitive edge over the competition?

## Start with shifting your view point

Whether a company enjoys good corporate image, repeat orders and positive recommendations from the existing customers depends on how the company is viewed by the customers. Customer's viewpoint, however, is determined by the quality of service they receive. And what determines the quality of service? That depends on how a company views its service department and its operations. **Figure 1** illustrates this chain of relationships.

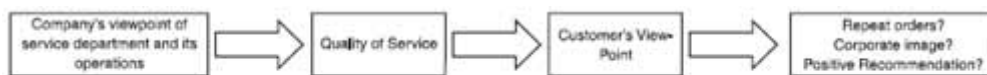


Figure 1: Chain of relationships.

**Table 1** shows two different scenarios of a company's viewpoint of its service department and its operations. Imagine how different the quality of service will be, when a company operates from two starkly different viewpoints, A and B. And that would have direct impact on how customers would view the company. Look at **Table 2** to see what could be the customers' viewpoint.

Which viewpoint does your company operate from? And which viewpoint do your customers have of your company?

**Table 1: Company's viewpoint of service department and its operations.**

Viewpoint A	Viewpoint B
Service department is one of the departments in our company. Perhaps, less important than frontline departments such as sales or projects.	Service is a strategic area of our overall operations. It has a direct impact on our business and corporate image.
Service is thankless job.	The rewards of providing superior service come in the form of repeat orders, enhanced corporate image and positive recommendations.
Our relationship with customers is	We view service as a vehicle to build

transactional relationship – they need service and we just provide it. Nothing more than that.	longterm relationships with our customers. We know it is always much cheaper to work with existing customers than with new customers.
Service department has little influence on our design or installation practices.	In our company, we actively seek feedback from the service department to improve our design and installation practices and reduce service problems.
Customers have the habit of making noise. We do not get too tense about it and continue to do our best.	Our customers do not need to make unnecessary noise for availing our service. We fully understand their urgency to get things fixed and respond accordingly.
Customers are often unreasonable in their expectations.	We make sure we understand the expectations of our customers and they understand our promises, commitments and limitations.
We know in our so many years of experience that despite our best efforts, some customers will never be satisfied. They always demand more.	If customers show dissatisfaction, it means our best efforts are not good enough. We listen to our customers and keep improving.
Service is a money earner. As long as the department functions within the budget, it is fine with us.	We must continue to eliminate inefficiencies in our operations and pass on the savings to our customers. That's a powerful way of outsmarting the competition.
We have a standard cost of providing different types of service. Customers are supposed to pay accordingly, if they want service.	We don't believe in "one size fits all" policy. We tailor our services according to the customer needs.
Changing the attitude of our staff is not possible. What to do?	Staff attitude is the key to providing superior service. We constantly work on it.
Whatever our customers may say, we are still far better than our competitors.	Yes, we should be the benchmark for others to catch up with. More importantly, we must make sure that our customers remain satisfied with our service.

**Table 2: Customers' viewpoint (corresponding to company's viewpoint).**

**Viewpoint A**

**Viewpoint B**

It is a big headache to deal with these people. They don't care.	Wow! We like to deal with these people. They not only meet our immediate needs, they go beyond them.
Why should they charge such high costs?	If they charge little extra, it is worth it.
Unless we push them, create urgency and put pressure on them, these people would not move fast enough?	We trust these people. They are fast, reliable and consistent.
It is really an achievement to get satisfactory service from these people.	We are assured of superior service - always.
We should not give them any more orders. They don't care. It will be an additional problem for us.	Let us give them orders for new projects and make them a preferred vendor.
This company is no different from all others.	This company is way ahead of others in terms of its focus on customer care.
We would caution others who might be thinking of giving orders to this company.	We should recommend this company's name to other companies.

## Value dimensions of superior service

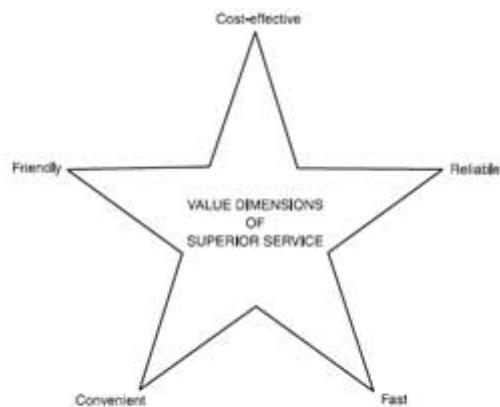


Figure 2: Value dimensions of superior service.

It is not difficult to imagine the kind of service customers would expect from a top-class airconditioning company (**Figure 2**). Most customers would be delighted to get service that is:

- Cost effective
- Reliable
- Fast
- Convenient

- Friendly

Indeed, different customers would demand different emphasis on the above "value dimensions." Let us see what can be done to do better in each of the areas.

### **Make it more cost-effective**

There are two ways to offer greater "value for money" to the customers:

- Doing more for the same cost
- Doing same for a reduced cost

"Doing more for the same cost" means looking for ways to add value to customer's operations without charging additional cost and also without blowing a hole in the company's operating cost. For example:

- Can you "occasionally" offer a free service to an important customer?
- Can you extend warranty for a few months as a gesture of goodwill at no extra cost?
- Can you offer your customers valuable information – tips for energy saving, tips for optimum operation of plant, product literature, guide books, etc.
- Can you invite customer's personnel for "free" training programmes?
- Can you offer to take one-day measurements of vital parameters and offer free review of the plant performance?

If you are thinking, "Hey! we are not a charity organisation," think again. Weigh the cost of the above gestures against the long-term gains in terms of stronger relationships, additional orders, extended service contracts, and positive recommendation to other customers. Take a longterm view.

On the other side, reducing operational costs by eliminating inefficiencies and unnecessary costs can help to contain the service costs and even reduce them. The overall cost of service operations consists of two types of costs: Obvious and Hidden. Both are vital.

#### Obvious cost heads

- Manpower cost
- Inventory cost
- Cost of spare parts and consumables
- Other overheads, such as rent, utilities, transportation, etc.
- Hidden cost heads
- Cost of not fixing the problems properly at the first instance – repeat calls
- Cost of design mistakes

- Cost of poor installation practices
- Cost of using inferior materials and outdated practices
- Cost of red tape – long, complicated and superfluous procedures, practices, forms and controls

A thorough examination on an ongoing basis of each of the above costs can uncover hitherto hidden pockets of potential cost savings.

Here are a few ideas for containing the cost of service operations:

- What is the level of inventory you keep in terms of its value, days and space occupied? Can it be reduced? Can your suppliers supply parts and consumables on "just in time" basis or better still, supply directly to the customer's end?
- Are your people in the habit of going in pairs to the job site whether the job demands two persons or not? Can some calls be attended by just one technician?
- Can you trust and train your staff to attend service calls directly from their homes instead of asking them to observe the ritual of coming to the office every morning?
- How can you provide constructive feedback to the design side and project execution side, so that mistakes that lead to avoidable service problems can be minimised or completely eliminated?
- Can you negotiate with suppliers on an all-India basis to buy spare parts and consumables at the lowest possible cost? And what about conducting online auction just the way some car manufacturers do to buy spares from countrywide/worldwide sources?
- Can the leading air conditioning companies join hands to deal jointly with the monopoly suppliers?
- Can the procedures/forms/office layout/controls be simplified to streamline the whole service operations?

### **Make it more reliable**

Reliability means meeting customer expectations every time and in every aspect of service. Reliability is not a one-time act. The reputation for reliability can only be earned by meeting customer expectations consistently over a long period of time. Also, reliability is a fragile commodity. A few slips can spoil the reputation almost instantaneously.

Here are a few ideas for improving the reliability of service operations:

- Do your customers have to make repeated calls just to get in touch with the service department? Do you have sufficient phone lines and people who can attend to incoming calls? If customers can smoothly register their complaints, that's a big leap forward in terms of reliability.
- When you enter into a service contract with a customer, do you take some time out to explain what is written in that fine print of a service contract? Do your customers understand well what to expect and what not to expect?
- Are you well equipped in terms of manpower, their competence level, support from vendors and other related infrastructure to provide consistently reliable service?
- Can customers be assured that once a complaint has been registered, it will definitely be attended to within the agreed time frame or do they have to keep following up?
- Is the service staff well trained to solve service problems without creating new problems for the customers?

To bring reliability in operations, review every single promise made directly or indirectly to the customers (including the phone numbers) and make sure that you meet those promises.

One way to keep customers happy is to sometimes use the well-known technique of "under promise – over deliver." When you promise less and do more, customers feel satisfied. Opposite happens when you over promise and under deliver. So, if your service technician is going to reach the job site in two hours, don't promise one hour; say it will take three hours. Of course, it is not to be used every time because then the effectiveness of the technique is lost. Many leading organisations use this technique to regularly "manage" customer expectations.

### **Make it faster**

Other than the scheduled maintenance services, air conditioning service calls come when something goes wrong with the air conditioning plant. And invariably, someone would be suffering either in the form of human discomfort or production loss. No wonder, customers want the problems to be fixed as fast as possible.

Three factors determine the speed of service response:

- Systems and procedures
- Available resources – people, materials, tools, etc.
- Organisational culture

Here are a few ideas for improving the speed of service response:

- Review each and every procedure, right from receiving a customer complaint, to withdrawing material from the stores to sending technicians to the job site to finally billing for the service rendered. Look carefully at all the steps required, number of people involved and forms to be filled. Can some of these be eliminated or shortened to make it faster?
- Are you exploiting the full potential of computerisation to take care of purchase, inventory management, manpower allocation, customer history, systems and procedures and improve the overall pace of service operations?
- Is the number of service technicians fixed or do you keep a variable component to take care of variations in service demand?
- How fast is the response of the departments which do not face customers? Is the speed of service department at the mercy of other departments, such as Accounts?
- Can you dissect the overall service response time and find out those elements that constitute 80% of the time. Attack them.
- Is your communication system conducive to quick internal and external communications? Communication gap is the single most important factor which can either speed up or slow down the pace of response.

### **Make it more convenient**

Offering convenience means customers should spend minimum effort to get what they want. Here are some pointers for evaluating/improving the level of convenience:

- Can a customer choose from multiple channels of communication (e.g., e-mail, fax, telephone, etc.) to get in touch with your organisation or do they have only one choice: making a phone call?

- Do you make it absolutely hassle free for customers to register a complaint and avail the service? Are your forms and procedures easy to understand?

- Can a customer call and register a complaint in the night or on a weekend?

- Do you provide answers to FAQs on your web site?

- Do you offer 24 × 7 service?

- Do you tell the customers in advance if the scheduled service will affect their operations and for how long? Do you give them time to decide when they would like to have a shutdown?

- Do you keep a history of customer's plant to help yourself and them to track patterns of problems and prevent the same problem from occurring again?
- Are your people trained to objectively discuss problems and solutions with the customers?
- When your people work at customer's premises, do they observe all the house rules regarding safety, smoking, cleanliness, etc.

### **Make it more user friendly**

Dealing with customers with care, a smile and friendly attitude can go a long way to build relationships and to help reduce tensions in times of crises. How the service staff behaves, makes a statement about the corporate culture.

Here are some ideas for improving the friendliness of service operations:

- First, start with internal friendliness. If you have a culture of internal tensions, politicking and red tape, it is bound to reflect on the customers. Work towards creating a congenial environment within the service department.
- Is your staff trained to greet customers with a smile and not with a frown?
- Do you observe normal telephone courtesies when your customers call or do you make them feel as if they are at your mercy?
- It is not easy to be friendly when working in service.

Invariably, some customers would show off their frustration when things go wrong. Is your staff well-trained to deal with and pacify irate customers instead of being drawn into arguments and create emotional problems?

Service is an integral part of any air conditioning company's operations. It is perhaps, the only bond between a company and all its existing customers. Traditionally, service has been looked at as a department that takes care of plant maintenance and customer complaints. Lessons from other industries, however, show that service has the potential to provide unassailable competitive advantage in a fiercely competitive market place.