



Matthias Gouthier [Ed.]

Market Leader Through Service Excellence

World-Class Approaches to Managing Excellent Services



Nomos



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»'Market Leader Through Service Excellence' book is educational and useful for everyone who is involved or interested in the services industry. It is rich and deep in many core issues that service practitioners encountered; and offers future-oriented perspectives to explore 'what's else.' Ideas sprouted as I read the book, shifting perspectives for how I view service challenges and finding value in the big picture and the finer details the book offers. The real organisational cases offer provoking thoughts to enhance customer experiences and build a customer-centric culture. Thank you for the comprehensive service excellence pointers all in one book.«

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»This book is the perfect companion for anyone looking to convince board-level executives to implement customer-centric practices and strive for service excellence. A thoroughly comprehensive guide from strategy, to employee and culture, to application-oriented tips on how outstanding customer experiences are created. Dr. Gouthier is spot on: in service excellence, 'standing still is taking a step back.' A big thanks to him and his team for this comprehensive Service Excellence gem.«

Denisa Spinkova, Leading Service Excellence at Qatar Tourism

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Edited by

Prof. Dr. Matthias Gouthier

Volume 8

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Market Leader Through Service Excellence

World-Class Approaches to Managing Excellent Services



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Service excellence: A cross-industry attitude that may also be tasty for a patient!

Carsten K. Rath

Do you remember your last exceptional service experience? I hope so for your sake because it means that you were positively surprised by a service or, better yet, by the warm attitude of the person performing it and the processes behind it. In my capacity as a service expert and a frequent guest in unique hotels and resorts around the world, I have experienced service in many forms, on a grand scale and in the many detailed intricacies that differentiate true excellence from standardized processes. To truly wow me with services is certainly challenging, yet the diverse teams in hospitality succeed in doing so time and again.

Of course, I still remember my last experience of service very clearly: It was a holiday in 2021. The hotels in Germany were still closed mainly due to the pandemic, while I was already experiencing personal hospitality again in Switzerland. I was sitting in the Grand Resort Bad Ragaz, perhaps the best resort in the Alps, jotting down initial ideas for our article and placing my breakfast order while still half lost in thought. I ordered the usual, including a freshly brewed tea from Ronnefeldt and a soft-boiled egg. Nothing unusual, really, but this meal was placed on my table as neatly as a pin. The egg was neatly, almost symmetrically, cut and meticulously closed again so that I did not have to break it myself and eat it half dented. It was a small but fine detail that thrilled me like a hungry guest and even prompted me to mention it here as a positive episode.

The rest of my breakfast at the Grand Resort Bad Ragaz was also a delight. It sweetened my day even before I got to know the actual perks of the resort. I usually only find such attention to detail in the 101 best hotels in Germany (www.die-101-besten.com). In any case, the Grand Resort Bad Ragaz is mentioned in the new edition of the hotel rankings among the luxurious neighbors of the best 101. The wonderful nuances make a noticeable difference in the processes and, ultimately, for the guest.

Service excellence has been my passion for over 25 years. From my experience as a traveler and as a management consultant, I know that interpersonal relationships and the service attitude that is implemented every day distinguish a company that is successful in the long term from mediocrity.

Service excellence: A cross-industry attitude that may also be tasty for a patient!

This is true without exception across all industries and is becoming even more relevant. Since 2020, the global economy has been dominated by the coronavirus crisis. Innovations or new ideas seem to have taken a back seat. Everything is focused on health, medical technology and efficiency. But especially when it comes to the sensitive and complex topic of health, the human factor is the only one that really counts, because only what shines healthily on the inside can shine vibrantly on the outside.

In a hotel or resort, excellent service begins even before the guests arrive for their stay. This constitutes exceptional service; the customers and guests always receive a little more than expected.

The team at Helios Hospitals also starts with healthcare services long before an actual stay in hospital. Since the beginning of their corporate history, they have combined medical care with the highest quality standards, extensive preventive measures and a pronounced understanding of service in everyday hospital life. The project presented, “6 Chefs, 12 Stars,” puts culinary arts on the list of priorities at Helios Hospitals. Together with six star chefs, tasty and healthy dishes are designed for inpatients and they are implemented by Hofmann Menue-Manufaktur. Since 2020, we have been combining culinary experiences with the often painful stays in hospital and making the patients’ time as pleasant as possible. This is precisely the goal of lived service excellence: to make the lives of customers and patients more convenient and more pleasant. In our article, you can read the detailed background to the project and an outlook on the future of everyday hospital life at Helios Hospitals.

I hope you enjoy it!

Foreword

“Customer service is a permanent construction site!” This is probably the best way to describe my personal experience with various service providers in recent years. While the companies communicate their service with full-bodied advertising promises, in practice, the customer often experiences a completely contrary situation: faulty services, incorrect billing, absent callbacks and much more. It is precisely in such deficient service markets that differentiation is best achieved by offering an above-average level of service. However, the problem is that excellent service does not just happen by itself. Sole proprietors, freelancers and micro-enterprises have a relatively intuitive feeling for what it takes (or should take) to provide an above-average, i.e., excellent, service. By contrast, medium-sized companies and, in particular, large enterprises require structured concepts, measures, and tools to successfully implement and live the idea of service excellence in the long term. Large companies, in particular, have their company-specific approaches. However, to raise all companies interested in providing excellent services to a higher level as a whole, a general, inter-sectoral approach was needed. Therefore, in March 2018, the Technical Committee ISO/TC 312 was initiated, which I have been leading as Chairman since then. With ISO 23592:2021, the first globally valid standard was published in June 2021 to define the principles of service excellence and a corresponding model. This provides companies planning to implement or optimize service excellence with a general guideline. However, what is missing and cannot be identified in such a standard are concrete and detailed best practices and how they work in practice.

The publisher’s volume “Market Leader Through Service Excellence – World-Class Approaches to Managing Excellent Services” is dedicated to the exciting question of how service excellence is implemented and lived by and in successful companies. The book’s structure is based on the model of service excellence as anchored in the new ISO standard 23592:2021. The model identifies four dimensions with nine elements that must be fulfilled to meet the holistic requirements of service excellence. To this end, proven experts from a wide range of industries present best practices, concepts, and a variety of methods and tools that show readers successful ways to implement service excellence.

The book, which was published as volume 8 in the series “Service Management | Services Marketing” by Nomos Verlag (www.nomos.de),

Foreword

comprises a total of 14 application-oriented articles by experts which, in addition to providing more general explanations of the concept of service excellence, focus on the four dimensions of the service excellence model. After an introductory presentation of the relevance and the model of service excellence based on ISO 23592:2021, the book examines the strategic dimension first. This is followed by a closer look at employee and cultural perspectives as the second dimension. The third dimension focuses on how outstanding customer experiences are created. Finally, the fourth dimension is devoted to operational service excellence.

I want to take this opportunity to thank my research assistants, Ms. Nora Kern and Ms. Carina Nennstiel, who actively supported me during the compilation process. Furthermore, I would like to thank Mr. Carsten Rehbein from Nomos Verlag, who made the realization of this edited volume possible. Finally, I would like to thank Nomos Verlag directly for publishing this book.

This edited volume is aimed at top decision makers, specialists and managers, and academics looking for sound advice, concepts, recommendations for action, and best practices on how service excellence can be successfully implemented in companies.

Now, above all, I hope you enjoy reading it and that you can derive maximum value from the various best practices it presents.

Koblenz, June 2022

Matthias Gouthier

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Introduction

Managing service excellence: Introduction and overview of the contributions

Matthias Gouthier

Management summary

This article, which opens this edited volume, describes, on the one hand, the genesis of this specialist book, which has ultimately been shaped by the development and appearance of the ISO standard 23592:2021. On the other hand, it provides an overview of the various articles of the experts. The best practices described in the individual contributions offer substantial self-help to companies in implementing the concept of service excellence in all its nine elements.

1. Service excellence is on the rise worldwide

Competitive pressure, which has been further intensified by the coronavirus crisis, the transformation of value chains, and the blurring of industry boundaries, has never been as intense as it is today. Customers have never been as demanding and willing to switch providers as they are today (Lesonsky, 2019). The demands on companies' ability to transform have never been as high as today. All of these factors favor the shift toward service excellence.

After more than 15 years of intensive personal involvement with the topic of service excellence, I can make the following basic statements based on my own experience:

- The term “service excellence” is becoming increasingly popular, not only in Germany but also worldwide. Related job titles, e.g., head of service excellence or director of service excellence, are also found more and more frequently in practice.
- The Asian region, in particular, is showing great interest in the concept of service excellence (see also Thirumaran et al., 2021). In addition, there is growing interest in the Arab countries in promoting the service sector through the use of service excellence. For example, Qatar Tourism, as the official government agency responsible for the development and promotion of tourism in Qatar, has launched a service excellence program that, in addition to a vision and mission, includes

eight different large-scale initiatives to improve the quality of tourism services (Qatar Tourism, 2021).

- After years of defining the content of the concept and the corresponding development of a service excellence model as well as its implementation in an official standard, the elements of service excellence are now being differentiated in terms of content, and relevant aspects such as measurement and implementation are being explored in greater depth (see also the last article “Outlook: New developments in service excellence” in this volume).

Therefore, service excellence is no longer an exotic topic but has become firmly established in practice. In 2007, a Google search returned 1,830,000 hits when the term “service excellence” was entered, and the current figure (September 2021) is more than 12 million hits. However, one should not assume that this is a topic suitable for the masses. That is not the case at all, and it never will be. Service excellence aims to place a company among the top five to ten percent of companies in a market regarding its services.

For this reason, the concept is not suitable for every company. It can only be applied in a meaningful manner and is of value to a company if customers perceive outstanding customer experiences that lead to delight through the provision of excellent services. This step goes hand in hand with positive positioning in the market and differentiation from competitors (see Figure 1). At the same time, it requires appropriate alignment of a company’s corporate strategy and service excellence strategy.

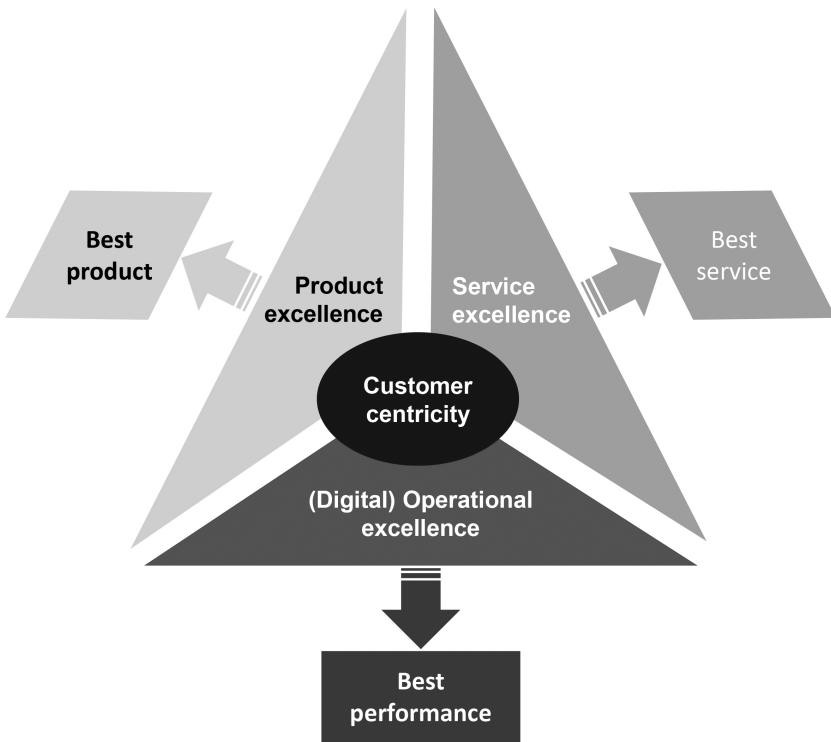


Fig. 1: Triangle of market leadership

2. History of the international standard ISO 23592:2021 “Service excellence – Principles and model”

Excellent service does not arise by itself. It requires the consistent and sustainable implementation and continuous further development of a structured approach, which has become firmly established in recent years under the term “service excellence” in both business and academia. In the past, however, opinions differed widely as to what exactly is meant by service excellence and how service excellence can be systematically implemented and lived in companies. For this reason, a global standard was developed at the international level by the technical committee ISO/TC 312 (<https://committee.iso.org/home/tc312>) chaired by the editor of this book. ISO 23592:2021 defines a corresponding standard and was published in the summer of 2021 (Naden, 2021). However, this standard did not appear

from nowhere but has a long history of eleven years. Back then, its starting point can be seen in the two questions of what service excellence is and what needs to be done from the business perspective to implement service excellence systematically and sustainably. The first question, what service excellence is, may sound all too trivial at first glance, but the opposite is true. Very different understandings of service excellence can still be found both in academia and in business, which can be assigned to the following six conceptual understandings (see also Giese, 2016):

1. The term service excellence is used without defining it clearly, neither implicitly nor explicitly (see, e.g., Bitner, 1997; Bates et al., 2003).
2. While there is no clear definition of service excellence, references are made to specific companies and their services (see, e.g., Ford et al., 2001; Heracleous and Wirtz, 2010).
3. Service excellence is understood as a synonym for high service quality (see, e.g., Wiertz et al., 2004; Yu et al., 2013; Zeithaml, 2002).
4. Reference is made to various management systems (see, e.g., Kumar et al., 2013; Voon et al., 2014).
5. An explicit definition of service excellence exists, but it is rather sweeping in nature (see, e.g., Johnston, 2004; Lytle et al., 1998; Prabhu and Robson, 2000).
6. An explicit definition is given, defining service excellence as an organizational capability of a company (see, e.g., Edvardsson and Enquist, 2011; Asif and Gouthier, 2014; 2015; Gouthier et al., 2012; Khan and Matlay, 2009).

The latter understanding forms the basis of the definition found in ISO 23592:2021. According to this, service excellence is understood as the “capabilities of an organization to consistently deliver excellent services” (ISO 23592:2021, p. 1). The primary goal of service excellence is to continuously provide excellent services that create outstanding customer experiences, which should lead to customer delight and ultimately to greater customer loyalty (Gouthier et al., 2012). Since these derived objectives primarily concern so-called “soft factors,” creating a uniform understanding and handling of the relevant topics is necessary. Service organizations can benefit from aligning their business strategies to provide excellent services to customers. As a result, customers and society can also benefit from an increased and outstanding level of service.

And the second question of “how” also remained unanswered for a long time (Gouthier et al., 2012). The basic idea for the ISO standard 23592:2021 goes back to the German specification of DIN SPEC 77224:2011, which was published in 2011 (see Figure 2). Convinced of

the need to generate a standardized model of service excellence that could be used by all kinds of organizations, the editor of this book launched an initiative in 2010 in order to create an implementable and officially recognized standard. This standard was intended to provide companies with valuable guidance on implementing service excellence. The initiative, which involved around 20 renowned German companies at the time, was financially supported by the German Federal Ministry for Economic Affairs and Energy (BMWi) and coordinated by DIN, the German Institute for Standardization. The result was the generation of the first official standard for “Achieving customer delight through service excellence,” DIN SPEC 77224:2011. This standard is still valid today and has found broad acceptance in the German market. One of the advantages of DIN SPEC 77224:2011 is its easy-to-understand and transparent service excellence model.

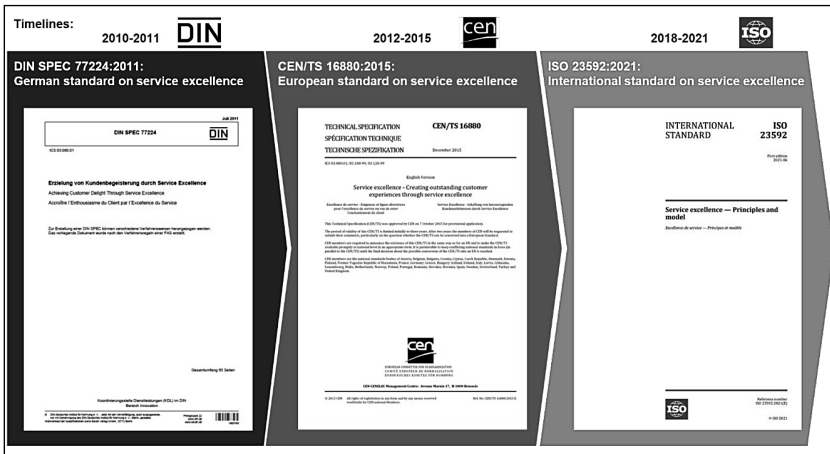


Fig. 2: History of the development of the service excellence standards

During the development process of DIN SPEC 77224:2011, the internationally oriented companies within the German working group communicated their desire to raise such a highly relevant and innovative topic to an international level. At the end of the project, it was therefore decided to develop a European standard after a certain trial period. Accordingly, with the editor’s support, DIN submitted a project proposal to the CEN, the European Committee for Standardization, which resulted in a positive evaluation by its member countries. After that, a corresponding project committee, the technical committee CEN/TC 420 “Service Excellence Sys-

tems,” was established in October 2012. Germany chaired the committee. Thus, DIN took over the coordination of the project committee with the function of its secretariat. The editor of this book headed the European project committee as chairman and was also responsible for the German mirror committee. Over a period of almost two and a half years, nine European member countries have continuously contributed to developing this standard. The result is the technical specification CEN/TS 16880:2015 “Service excellence – Creating outstanding customer experiences through service excellence.” This specification serves companies as a guideline for action and assistance at the same time. Since both DIN SPEC 77224:2011 and CEN/TS 16880:2015 are technical specifications, they can exist in parallel on the market. Due to the topic’s high relevance for all types of service organizations worldwide and the fact that the provision of excellent service represents a global challenge that can lead to enormous benefits for all stakeholders, the European standard was also only a stopover on the way to a worldwide standard in the sense of a global ISO standard. At the end of 2016, initial ideas and considerations took place to apply to the ISO, the International Organization for Standardization, to establish a new technical committee dealing with the development of standards in the subject area of service excellence. This application was submitted in 2017, and a vote was held among member countries in the summer of 2017. With 21 votes in favor, six against and nine abstentions, the project was approved in total. The committee then began its work in March 2018 and held its first meeting at DIN in Berlin, Germany. The committee comprises so-called “P-members” and “O-members.” P-members or “participation members” are member states that actively participate in the development of the standards and have the right to make decisions. O-members or “observation members” can also actively participate in discussions on the development of standards but have no voting rights. At present, the body consists of 17 P-members and 18 O-members and, consequently, has 35 member countries that participate in developing the standards. More information on the work of ISO/TC 312 can be found on its official website at <https://committee.iso.org/home/tc312>. The guiding principles followed by the ISO/TC 312/WG 1 working group responsible for the development of the standard were, on the one hand, to update the contents of the European standard CEN/TS 16880:2015 and, on the other hand, to simplify the model wherever possible. In particular, new findings on customer experience management, service design (thinking), and digitalization were incorporated into the revised document. After just over three years of work in two working groups, the first two standards were published: ISO 23592:2021 “Service excellence – Principles and model” and the technical specification ISO/TS

24082:2021 “Service excellence – Designing excellent services to achieve outstanding customer experiences,” which is specifically dedicated to the design of excellent services. Both standards are aimed at all organizations that provide services, such as commercial organizations, public services, and non-profit organizations. Following the completion and publication of these two standards, the committee is now focusing on the development of an international standard for measuring service excellence performance (ISO/TS 23686 “Service excellence – Measuring service excellence performance”) and the analysis of use cases for service excellence best practices. The results will be published in a technical report (ISO/AWI TR 7179 “Service excellence – Practices for achieving service excellence”). Further information on the current and future work of ISO/TC 312 is provided in the last article in this book (“Outlook: New developments in service excellence”).

3. Overview of the contributions

Providing excellent service means producing significantly above-average services. Consequently, service excellence is not understood as a concept suitable for the mass market. Still, it aims to catapult a company into the top five to ten percent of companies in a market in terms of its services. Accordingly, it is not enough in the long term to turn individual adjusting screws; the company must develop comprehensively in the direction of service excellence. While the relevance of excellent services is already known and established among leading service companies, there is still no fundamental knowledge in many service markets of how these “soft” factors can be defined and shaped. This publication, therefore, presents concepts, methods, recommendations for action, and best practices from a wide range of industries on how a concept of service excellence can be successfully implemented.

Following this opening chapter, which provides an introduction to the topic and an overview of the contributions, the first two articles, written by Prof. Dr. Matthias Gouthier, take a closer look at the concept of service excellence as a corporate success factor. The first article, entitled “Relevance and benefits of service excellence,” describes the various benefits of the concept. The general relevance of service excellence is also discussed. The second article, entitled “The concept of service excellence according to ISO 23592:2021,” focuses on the core content of the ISO standard 23592:2021 “Service excellence – Principles and model.” Overall, the service excellence model consists of four dimensions with nine elements. This

structure of the model forms the basis for the subsequent articles written by various experts from practice.

Even a brief look at the service excellence model will show you that the model focuses on permanently achieving customer delight. To achieve this goal, the service excellence model defines four dimensions. The first dimension comprises “Service excellence leadership and strategy.” Consequently, a corresponding “Service excellence vision, mission, and strategy” must be defined, and various “Leadership and management requirements” must be met. Accordingly, the article “The strategic anchoring of service excellence at WISAG” by Michael Moritz deals with the strategic anchoring of the service excellence concept at a facility management company. In doing so, it highlights hard and soft factors in implementing a suitable approach and discusses in more detail why “relationship, participation, and delight” are crucial for success. Christian Polenz and Sabine Börnsen then answer the two questions of what role a company’s management plays in the context of service excellence and what management requirements need to be met. Their article is entitled “Living service excellence: A secret to success at TeamBank AG,” in which they present a best practice approach of establishing a proper mindset in the sense of a management philosophy that focuses on the customer. The article also addresses the need for an economic evaluation of customer and service orientation, e.g., in the form of the Net Promoter Score (NPS).

In addition to strategic orientation, a company that wants to implement service excellence must pay attention to the second dimension, “Service excellence culture and employee engagement.” In his article “A highlight in the hotel industry: Creating a vital service excellence culture and anchoring it for the long term,” Philippe D. Clarinval describes very clearly how a service excellence culture can be sustainably established in a company. To this end, the author provides an overview of the value of service excellence for the hotel industry and comprehensively describes managers’ importance in improving the guests’ experience. Subsequently, Prof. Dr. Matthias Gouthier and Matthias Raquet explain how employee engagement can be increased through the use of blended learning in their article “Employee engagement requires motivation and qualification: The use of blended learning to implement service excellence.” In this context, they present the Service Excellence Academy, which was set up expressly for this purpose, and describe how e-learning as a component of blended learning contributes to the establishment and implementation of service excellence.

To meet customer expectations and systematically exceed them and thus delight customers, outstanding customer experiences must be contin-