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# *The FOUR ME's® of Servicing Strategy*

*Executive coach and organizational strategist John Kuypers believes an increasingly sophisticated Servicing Strategy is paramount to success in the 21<sup>st</sup> century as firms are no longer able to sustain "product" superiority. The Four Me's crystallizes how customers want to be taken care of regardless of a firm's products or services. The ability of an organization to execute a superior servicing strategy lies in whether it can align its people and its culture around their chosen strategy.*

My stomach sank as I looked at my statement of investments. I thought, "This stock that I bought is tanking. I have lost \$5000 on it already. Should I hold it or bail out now?" I questioned my wisdom in buying the stock myself through my discount broker. "I need advice," I decided. I called my full service broker, told him of the situation and asked if I could transfer the stock to my portfolio with him. I felt better already.

There are times when I just don't have the skills to do the task that I want to do. In this case, achieve good returns on my investment portfolio. I was not able to take care of myself alone.

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## **"...what level of involvement do I want from her in the execution of my overall financial needs?"**

Servicing is about customer care. It's about what kind of assistance do I, the client, need in order to *successfully* achieve my goal? It's not about what services that a business offers me. When I call my accountant and ask her to do my bookkeeping and tax returns, I am aware that many accountants could fulfill this service. This does not reflect how I want to be taken care of. Her services are actually quite commodity-like, like many "products".

Servicing is about how she takes care of me. More specifically, what level of involvement do I want from her in the execution of my overall financial needs? I believe there are four segments against which this question can be answered. Firstly, I could delegate the entire task to her i.e. do it and **tell me** what the results were. Secondly, I could have her do most of the work, but she would require my approval at various stages before final statements are published or taxes filed. In other words, **sell me** or convince me you are right and then go ahead with the task.

Thirdly, I could buy a software system, input the data myself and send her the output for her counsel before I mail in the tax return. In other words, **support me**. Fourthly, I could do it all myself with no involvement by any accountant, relying on software and my own expertise to meet my financial reporting needs. In other words, **give me tools**.

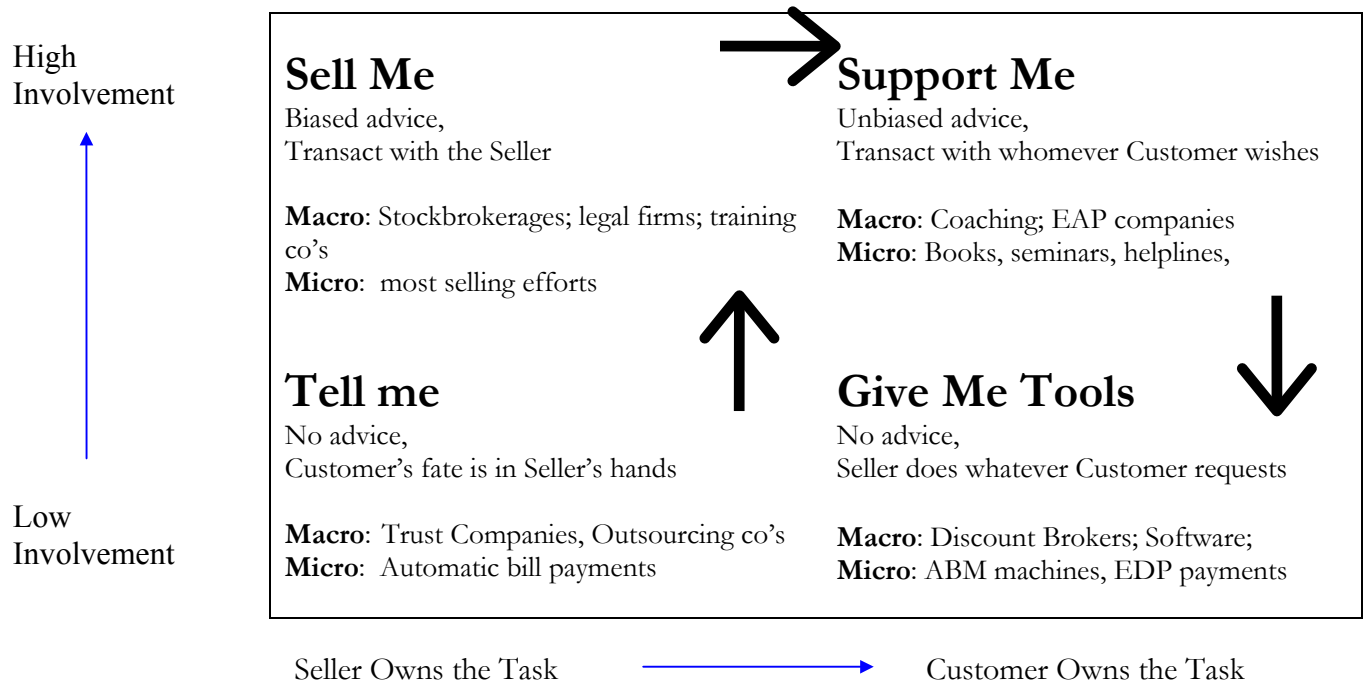
In this small example lies the heart of a very different way of *consciously* creating sustainable competitive advantage based on servicing and not product or technical innovation. I developed the *Four Me's Servicing Model*© based on the excellent training model developed by Paul Hersey and Ken Blanchard (of One Minute Manager fame) called Situational Leadership. It looks at training from the point of view of the trainer, who is also the supervisor. It breaks the "learning curve" into 4 parts - Directing, Selling, Coaching and Delegating. Two variables define each axis - How involved is the trainer? (high vs. low) and Who owns the task? (the trainer vs. the trainee).

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## **"...all customers are in a state of learning with respect to a given need."**

The *Four Me's Servicing Model* turns this around and looks at it from the point of view of the "trainee", who is now called 'the customer'. In this respect, customers are actually in a stage of learning. This was a real paradigm shift for me. Think about it. Does that mean all servicing efforts are teaching efforts? Not always. Sometimes customers consciously choose to remain in one stage. Sometimes they are working their way through the learning curve. The ramifications of understanding this are significant, as you will see. Let's look at the model itself first:

## “Four Me’s Servicing Model<sup>©</sup>”



The FMS Model looks at Servicing needs from the point of view of the customer. The arrows indicate the direction of the learning curve which customers *may* go through. The axes describe the nature of the relationship between customer and seller. The advice refers to the nature of the selling effort that the customer is receiving. Macro and Micro refer to examples from within that segment.

The model applies at two levels. It segments entire industries at the Macro level. It also segments a particular firm’s product and service offerings at a Micro level. In Macro terms, the entire financial services industry is segmented in alignment with this model. Trust companies provide **Tell Me** servicing. You hand over your money and they make all the investment decisions and simply tell you what the results are. Full service brokers provide **Sell Me** servicing. They call you and recommend the purchase or sale of certain investments. You approve these or you don’t. Only then will they proceed with the transaction. Financial newsletters, books, helplines, websites and seminars provide **Support Me** servicing. You have an idea of what you want to do but you want input and feedback before you proceed. Finally, discount brokers provide **Give Me Tools** servicing. You know what you want to do and simply need their systems and processes in order to complete the transaction.

The nature of Macro Servicing strategy means creating whole companies or business units aligned around specific Servicing segments. The nature of competition becomes very strategic and difficult to compete against. Intuit’s Quicken Pro for Business accounting software is an example of a Macro attack on the small business accounting industry against which accountants are ill-equipped to compete. This reflects the underlying dynamic that customers may be willing to go through the learning curve and do it themselves.

**“This has tremendous cross-selling ramifications for firms that offer multi-products or multi-services.”**

Another example of this is the investor side of the Financial Services industry. It is dynamic because investors literally *move* through the learning curve. Research proved that as their assets grow, their desire to seek higher returns means they will go through the

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learning curve in order to feel comfortable taking on more risk. As a result, multi-product investment firms like banks are faced with the challenge of how to retain *all* of a client's assets. The result is that their underlying customer base is increasingly volatile. Customers begin to search for servicing that can give them advice on mutual funds, completely independently of their GIC needs. This has tremendous cross-selling ramifications for firms that offer multi-products or multi-services.

At the Micro level, companies can examine how to better align their offerings with the kind of customer care that is desired. For example, banks now use automated banking machines and telephone banking to provide **Give Me Tools** servicing for making simple cash withdrawals and deposits. In this example, their customers are fully knowledgeable about what they want to do and were open to using tools that allow them to complete their needs in a faster, more convenient method than using tellers within limited retail opening hours.

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### **Microsoft responded by creating different servicing levels to meet customer needs and to mitigate their costs.**

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In the software industry, Microsoft struggled with how to meet the tremendous learning curve needs of their customers. Providing full telephone access to answer all customer queries was costing Microsoft far too much. Microsoft responded by creating different servicing levels to meet customer needs and to mitigate their costs. They created servicing methods that reflect the principles of the Four Me's Servicing Model.

Microsoft provides **Tell Me** servicing in the form of crisis management for large corporate systems. Each minute that such a system is down costs the customer a fortune. They want it solved fast with minimal involvement during the crisis itself. Microsoft also provides **Coach Me** servicing via telephone help lines. They charge a lot of money for this and make it difficult to access. It's expensive and they don't really want to provide this kind of servicing. In fact they have downloaded this need onto their resellers and in providing low-cost training to independent servicing businesses. Finally, Microsoft provides **Give Me Tools** servicing via help manuals and website facilities such as bulletin boards. This facilitates customers in discovering their own solutions to the tasks that they are struggling to complete.

Microsoft's products are in themselves a **Give Me Tools** kind of service. Their software programs provide the tools needed for typing, presentations or spreadsheet analysis. Few managers use secretaries to type anymore. Microsoft and pc makers have provided us with the tools to do this task ourselves.

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### **"...firms frequently over-service their clients. Not all customers require the same level of servicing."**

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Most traditional 'products' fit into this last category. It is 'hands-off', which is what many manufacturers prefer. After all, providing servicing is perceived as inviting complex problems and higher costs into the business. In fact, meeting servicing needs can be a source of significant profits, both from higher revenues and lower costs.

Revenue generating opportunities come in the form of packaging one's servicing offerings and charging for them. Customers may resist this at first. However, if there is a genuine need, they will pay. Software firms discovered this in the creation of pay by the minute help lines. Of course, the customer would rather have the servicing need met for free. And firms are fearful to risk charging for servicing for fear of losing business. But like all strategic initiatives, an effective servicing strategy is built by meeting a need in a competitively superior way. If customers don't have better or cheaper alternatives, they will pay.

A big opportunity comes in the form of cost reduction. In my experience, firms frequently over-service their clients to mitigate customer satisfaction risks. However, not all customers require the same level of servicing. It depends on where they are in the learning curve of their task and what they themselves are capable of as well as wanting to do. Outsourcing is the most obvious example of this where a customer realizes that a supplier can do a given task or service more cheaply and more effectively than they can do it themselves.

Less obvious are the examples in the service industries such as investment banking or law firms. Many clients receive the same level of service coverage regardless of their worth to the firm. The opportunity here is to segment the firm's client base on the basis of the *Four Me's Servicing Model* and adjusting the selling and servicing efforts of the firm accordingly. The firm's clients are also segmented in terms of their profit and growth potential. This matrix results in defining which segments to pursue most aggressively for profit potential AND which

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level of servicing should be provided to best meet their needs. The result is both a competitively superior means of servicing the client *and* a reduction in costs as over-serviced clients are switched to lower cost servicing methods.

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**“The essence of Servicing strategy is one of people - how your people relate to your customers’ people.”**

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Looking at per-customer market share is an important source of developing new revenue growth from an effective servicing strategy. Another important benefit is the strengthening of the relationship with the client, resulting in more loyalty and less competition based on price alone.

Executing a new Servicing Strategy requires examining the firm’s entire organizational system, Our approach is holistic, based on a model we call *The Four Org’s of Organizational Effectiveness*©.\* A fundamental change in the culture of the organization is often required in order to effectively execute a new servicing strategy. The best strategy of course, is the one that leverages existing strengths as much as possible relative to customer needs.

The essence of a customer servicing strategy is about people - how your people relate to your customers’ people. This is the key reason why an effective servicing strategy can provide a sustainable competitive advantage. Aligning your people is difficult, which means your competitors will encounter even more difficulty in matching it!

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The starting point requires that the long term strategic vision of the firm is well understood by senior and key middle managers. The values of the organization need also need to be examined for fit with the Servicing strategy. Defining the values that the firm wants to embrace provides the benchmark against which all of the company’s policies and practices can be evaluated on an-going basis. In what way are they consistent? In what way are they inconsistent? Aligning your organization means embracing constant self-evaluation. This is critical because people are not machines. As such, delivering the servicing promise to customers on a consistent basis requires cohesiveness and clarity within the firm

\* contact us for a free copy of the *Four Org’s Model of Organizational Effectiveness*. [info@winleadership.com](mailto:info@winleadership.com)

itself. This means creating a positive work climate, because employees will generally reflect outwards to the customer, the inside ‘emotional climate’ of the firm itself.

Macro level change around a new servicing strategy can mean the creation or acquisition of entirely new businesses. This too creates a need for strong personal leadership from top executives as the vision and values of one subsidiary often conflict with the parent company. Banks experienced this when the acquired full-service brokers. Their pay structure, workflow procedures and performance measures were at great odds with traditional banking.

Products & services are increasingly behaving like commodities. A well-thought out customer servicing strategy provides a meaningful point of difference. The competitive edge of the future will depend on how well your company takes care of your customers. The *Four Me’s Servicing Model*© provides an exciting framework for creating sustainable growth.

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