Chapter Eight

Recommendation: An Evaluation of Alternate Courses of Action

8.1 Establishment of Clear Strategic Service Vision

As evident by many successful companies, corporate vision is important in propelling, inspiring and aligning the internal resources of a company towards achieving the future envisioned by the company. Similarly, to be a winner in service, a company needs to have a strategic service vision. A strategic service vision comprises of four basic elements; the target market segments, the service concept, the operating strategy and service delivery system.

8.1.1 Market Segmentation

Target Market Segments of TCM workshop based on types of service and repairs conducted in the workshop are as follows:

- Final inspection and repairs before delivery.
- Warranty Repairs
- Normal Repairs
- Heavy Repairs
- Free service maintenance
- Routine maintenance services

The segmentation is based on the characteristics for each type of repairs. As mentioned in the previous chapter, TCM salesmen depend on EAS for the final inspection and rectification of new vehicles before these vehicles are delivered to customers. In relation to this aspect, EAS's skills in detecting defects and providing quality repairs are of major concern to salesmen.
Warranty repairs refers to rectification of manufacturing defects found by customers during the warranty period. Warranty repairs are not chargeable and customers of this category are found to be highly critical of repair quality. Normal repairs are repair works done to rectify common complaints such as alarm failure, engine problems, scratches, dents and etc. Heavy repairs differs from normal repairs in terms of amount of repair work to be done, cost of repair, the down time, etc. Customers of these categories justify value of the repair by looking into quality of work done and the cost of repair.

In order to prolong vehicles' life span, all vehicles are subject to periodical maintenance such as oil change, timing belt inspection, brake change and these are called routine maintenance of vehicles. Routine maintenance involves pre-determined processes and the service could be easily standardized.

To cater for different needs and characteristics of each segment, EAS divides its operation into three main systems, namely the repair heavy center for heavy repairs, the EAS workshop for warranty, normal repairs and service maintenance and the Lublaju line for oil change and other simple maintenance services.

It is recommended that the management places emphasis in supporting salesmen in delivery of new vehicles by creating a new system to inspect vehicles thoroughly. Delivering vehicles with zero defects is of great significance in creating a favorable first impression. In addition, the heavy center is also equally important as most customers in this segment are under high duress and stress as their automobiles will be undergoing major repairs and they usually demand good, prompt and fast service. Therefore, these two important segments should be prioritized in terms of service personnel management in relation to selection criteria, compensation and training, investment in better testing, repair equipment and facilities.
In relation to the quality of new vehicle delivery, it is recommended that EAS creates a new vehicles handling system to support salesmen in making delivery of zero defect vehicles possible. It needs to be noted here that inspection before delivery requires a different set of skills from repairing. A QC (Quality Control) inspector needs to pay great attention to minor defects such as scratches, tightening of nuts, workmanship and finishes; it involves a systematic and meticulous check on various parts of the vehicles.

The creation of this system requires no major system revamp, EAS could tap into the QC inspection system which has been established by the PDI centre, namely the VES (Vehicle Evaluation System). VES outlines inspection points, procedures and checklists for new vehicles quality control to ensure defects are effectively captured by the QC personnel. It must be highlighted at this point that the EAS management should place strong emphasis in this system to reflect the significance of creating a first impression by delivering a complete and defect-free automobile.

In order for EAS to deliver excellent service, some of the requirements for implementation involve:

1. The customer focus mindset from the EAS management in supporting their most important resource - the salesmen. Furthermore, it requires the management's appreciation in creating favorable first impression in achieving customer service excellence.

2. Allocation of manpower, man hour and facilities.

3. Training of inspection skills (VES system).

To communicate the benefits of defect-free delivery to the employees, we propose the introduction of the zero-defect incentive scheme. A fixed amount of incentive, for example, RM200 per month is to be allocated at the beginning of the month. The rate of vehicles returned for defects not detected would then be calculated. For every 1% of return rate, a penalty of RM5 will be deducted from the RM200. At the end of the month, the balance of this incentive will be calculated. If the balance is positive, the incentive would be given to the team to be shared among the employees in the new vehicle
handling unit. If the balance is negative, the team would then initiate a re-
examination of the system and to propose countermeasures. As for the
balance, it would then be carried forward to the following month.

Example:

June 1998
Initial incentive for month of June : RM200
Total vehicles inspected : 50 units
Units returned within two week during the same period of time : 10 units
Return rate = 20%
Penalty : RM5 x 20% = RM100
Balance of the incentive at the end of the month = + RM100

July 1998
Initial incentive for month of June : RM200
Total vehicles inspected : 50 units
Units returned within two week during the same period of time : 25 units
Return rate = 50%
Penalty : RM5 x 50% = RM250
Balance of the incentive at the end of the month = - RM50

August 1998
Initial incentive for the month of August = RM200 - RM50 = RM150

Advantages

- A simple scheme whereby the benefits are apparent to employees. It does
  not require a lot of additional administrative work to implement the
  scheme.

- It is within TCM's financial capability to implement this scheme. There are
  eight EAS centers currently. The maximum investment in the scheme
  would be RM200 x 8 = RM1,600 per month.
- TCM could cease the implementation once the inspection skills are stabilized. Withdrawal of the scheme is expected not to create any employee dissatisfaction.

Disadvantage
- Encourage incentive-driven workforce.

The negative impact of an incentive driven workforce includes encouraging the employees to focus only on the short-term gains rather than long-term benefits. Furthermore, the incentive increases operating cost.

EAS's could segment further each category mentioned above to provide service that caters for different needs within each segment. For example, within each respective segments, further sub-segments can be created based on the type of automobiles purchased as illustrated below:
High end automobiles - Cefiro
Middle range - Sentra
Low end - Sunny,
Commercial - Vanettes, Cabstar.

Within these sub-segments again, different emphasis or strategies should be in place. For example, most Cefiro buyers are from different types of buyers according to their demographics - tend to be older, professionals, higher income earners and therefore tend to change their automobiles more often according to their change of taste and preferences, and income. Therefore, services rendered should be more than satisfying to them and be differentiated as they should be targeted to retain them for their future repeat purchases. For instance, TCM should attempt to provide them with different, more comfortable and luxurious waiting lounge.
8.1.2 Service Concept

A clear service concept defines results to be produced for customers. In addition, service concept provides answers to questions such as "what are the important elements of service to be provided?" "How are these elements perceived by the customers, employees and by others?" "What are the implications in terms of service system design, marketing communication and human resource planning?"

To confirm as to how employees of EAS defines service, we surveyed about ten workshop employees including those holding senior positions. They were asked on how they defined the service provided by EAS and the most common answer given was merely "we repair vehicles." From the answer given, we concluded that the employees defined service in terms of results produced by the company rather than the results received by the customers – this serves as another indicator that the employees are actually operation-focus rather than customer-focus.

The problem of not having a clear strategic service vision is further compounded by the failure on the part of the management in positioning itself within each market segment. As a result, EAS was not able to differentiate itself from the competitors.

In order for TCM to differentiate its service provided to the customers from the other competitors, it should attempt to create different positioning in the minds of the customers in different types of segments. Below are some proposals of positioning which can be carried out by TCM in their service subsidiary, EAS.

In the segment/system of pre-inspection before delivery to customers, The Positioning Statement proposed by us for this segment is to ensure complete and error free vehicles to customers, thus ensuring satisfied customers accepting delivery of new vehicles.
In the segment of *maintenance and service*,
The Positioning Statement proposed by us for this segment is to ensure complete servicing of all vehicles, complete implementation of all predetermined standardized tests for maintenance thus ensuring road-worthy vehicles at all time.

In the segment of *major repair and service*,
The Positioning Statement proposed by us for this segment is to ensure all badly damaged vehicles are completely repaired, serviced and be road-worthy again in the soonest possible time to the total satisfaction of customers.

All this positioning should be adopted and implemented in relation to competitors according to their stand in the respective sub-segments decided earlier.

For example, all the servicing in the sub-segment and their competitors are outlined below:

**High end automobiles:**
Cefiro against Camry(Toyota), Perdana(Proton), Honda
Accord(Honda)

**Middle range automobiles:**
Sentra against Corolla(Toyota), Aeroback Wira 1.6(Proton), Honda
Civic(Honda), Laser(Ford), Lantis(Mazda)

**Low range automobiles:**
Sunny, Vanette against Proton Iswara, Satria(Proton), Liteace(Toyota).
8.1.3 Operating Strategy

The operating strategy provides suggestion as to how a company could possibly leverage the service value over cost. The operating strategy formulation process includes identifying important elements in the operating system that the company should invest and develop. Furthermore, operating strategy provides suggestion as to how cost and quality could be controlled, performance of the company be measured and to what extent the company could create barriers to entry by potential competitors.

In TCM, the operating strategy is often viewed as being synonymous with operation. The absence of operating strategy in EAS gives rise to the inability of TCM in leveraging value over cost. Failing to leverage value over cost of investment and viewing no benefit in investing in upgrading facilities and resources, the management arrived at the conclusion that further investment is not justifiable. As a result, EAS is always trailing its competitors in the auto repair business and the situation would continue to persist until TCM begins to realize the value in having a effective operating strategy.

Some of the elements which need to be discussed and emphasized for TCM to consider leveraging value over cost in their operating strategy are:

*Operations strategies/Human Resources strategies* - Based on the segmentation discussed, the service operation in TCM should be divided according to these segmentation and sub-segmentation. For example, the division of human resources or personnel should be based on the priorities accorded to particular segments and sub-segments. For instance, if TCM wanted to place greater emphasis on the segments of pre-delivery inspection and major repairs for sub-segment of Cefiro, then allocation of resources like human resources should be mostly based here. This will be in terms of personnel experience and the number of personnel. In addition, other operational strategies like the division of workshops or areas according to these segments and sub-segments should also be implemented accordingly.
Financing strategies: In terms of leveraging value over cost, cost should be incurred or invested according to the activities in segments or sub-segments which value or profits derived would be the greatest. For example, segment for pre-delivery inspection and major repairs of Cefiro probably should be injected higher financial investment as the return generation expected here will be higher (leveraging value over cost).

TCM as identified in our SWOT analysis of the company, has one of the largest financial resources and liquidity among the local automobile companies. The financial resources should be invested right now especially at this depressing economic situation when other competitors are generally weak to retaliate. Therefore, TCM should invest in building its core competencies especially in this service care at this moment to take opportunity of the situation. This core competency will continue to provide the competitive edge for TCM even after this economic depression.

Marketing: As different positioning have been created for these segments and sub-segments, messages have to be communicated to the customers to create the perception intended. Various marketing approaches and strategies can be adopted to communicate this positioning so as to place TCM as premiere automobile company in offering the best service care and excellence in the industry. An integrated marketing communication approach incorporating all the elements of advertising, public relations, personal selling, direct marketing should be presented to customers in a comprehensive manner to get the intended results. All these elements should strive for the same objectives and positioning with an integrative approach.
8.1.4 Service Delivery System

Service delivery system in TCM is viewed as a facility where the service is produced and sold. Contrary to TCM, Toyota's management sees the service workshop system as an opportunity to enhance and control the quality of repairs received by its customers.

Service Delivery systems consists of items such as:

(a) Interior and exterior facilities - workshops, rest-rooms, waiting lounges, landscaping in or outside of the building etc. For different segments or sub-segments, probably EAS should have different facilities to cater for different requirements, needs and strategic importance.

(b) Equipment - different testing equipment, furniture.

(c) Service people - As mentioned earlier, different segments and sub-segments requires different types of service personnel (receptionists, mechanics and service managers) in terms of experience, knowledge, capabilities, qualifications and friendliness.

(d) Method of communication - mails, fax, telephones or personal visits.

8.1.5 The Integration of Service Elements

Not only each of these service elements is not well developed in EAS, the integration among these elements also gives rise to various problems faced by the company. For example, the service delivery system of EAS relies heavily on the skills of the mechanics but the training budget does not allow for extensive training of these mechanics. Furthermore, the compensation scheme for mechanics is found to be inferior to that of competitors and that has caused the high turnover among the mechanics in EAS.
To provide excellent customer service, the people, policies and facilities are to be carefully coordinated and must complement each other to enable a "seamless" service towards the satisfaction of the customers. In other words, all the elements of the strategic service vision particularly the service concept, operating strategies and service delivery system need to be integrated to provide a clear vision and objective for the service personnel in TCM and hence delivers satisfaction to the desired quality and levels.

8.1.6 Recommendation

It is strongly recommended that EAS develop a clear service vision using the framework provided by James. L. Heskett (1986) in his article entitled "Lessons in the Service Sector" as shown in the figure 8.1. The figure summarizes the relationship among service elements. Furthermore, the figure contains critical questions that are to be answered by the EAS management in the process of designing a strategic service vision to enable breakthrough performance in the auto repair business. Without a clear strategic service vision, EAS failed to leverage value over cost and failed to motivate its employees in providing the service quality that is desired by the customers.

Advantages

- Leveraging value over cost.
  
The ability of leveraging value over cost leads to the willingness on the part of the management to invest in the critical elements of the operating system.

- Provides a sense of direction and guiding force for all employees especially those in the service sector to have more focus on their respective customers in different segments and sub-segments. Otherwise, their resources might be strained as employees will be doing the same thing for every customer without any special purpose and motivation.
• Improved employees morale

Employees will be proud to associate themselves with EAS as a strategically successful workshop. The sense of pride in the employees would consciously or unconsciously be transmitted to the external customers thus making their experience in EAS a pleasant encounter. A pleasant encounter on the part of the customers in turn reinforces EAS employees’ enthusiasm in providing good customer service.

• Differentiation

Service vision allows EAS to differentiate itself from its competitors. This is made possible by positioning within each service segment, a clear service vision and aligning all other service elements for an integrated service to customers.

• Creates an Organizational Service Culture

This culture will permeate the whole organization and the employees will act in a clear and consistent action. If this culture is appropriate for the service and the clientele to which it is directed, it can be a potent competitive force.

Disadvantages
• Problem of determining the actual service quality rendered to customer for measuring the performance of TCM’s service personnel. This is important for the human resource strategy as to determine how to compensate the service personnel according to the quality of services rendered. This is a disadvantage as the personnel will be de-motivated and confused with how the rewarding system will work.

• The leveraging of value over cost might be difficult to determine. For example, if the management has decided that investing in certain segments will bring greater value and lesser cost, it might be difficult to determine the value derived from the segment.

• Specialist channels might stress the current capacity further. For example, if TCM has decided that all Cefiro’s (high end automobiles) customers are
to be chauffeured by a stand-by driver to wherever they wish to go after dropping their vehicles in EAS, such strategy needs to be justified. Although this service strategy encourages and satisfies more Cefiro customers, it would only be allowed when the additional volume attracted by offering such benefits justify the investment in providing this shuttle service. The disadvantage is that it will incur more cost by engaging these additional stand-by chauffeurs.
## Basic and Integrative Elements of Strategic Service Vision

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<tr>
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Basic and Integrative Elements of a Strategic Service Vision

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8.2 Recommendations on Managing Demand and Supply in TCM

8.2.1 Maximizing Efficiency During Peaks

Most customers send their vehicles to EAS in the morning before proceeding to their workplace thus creating a long queue in the morning. Similarly, most customers choose to collect vehicles in the evening after office hours. EAS can manage the queue by mobilizing employees from other departments such as the accounts or marketing department to these reception areas to devote full attention to customers when they arrive.

Peak demand for maintenance repairs occur weeks before festive seasons whereby customers service their vehicles before long journey home. An effective way of managing the demand is by putting off the slack time those activities that can be postponed. Training, equipment maintenance, employees leaves are examples of activities that could be scheduled to be conducted before or after the peak period. Study into EAS's training schedule reveals that EAS does not take into consideration the peak demand season in the planning and therefore it is proposed that this consideration is incorporated during the planning stage.

Advantages

- To avoid employing additional workers that might be left idle during low demand period.

- The mobilization of employees provides opportunities for employees to learn new skills, to socialize with different people and therefore enrich their working experience.

- Employees from other departments might be able to provide innovative suggestions to traditional problems faced by the workshop. This is possible due to the fact that employees from different field perceive things differently and therefore capable of injecting different feasible ideas into the new workplace.
Disadvantages

- Employees from other departments might not be able to handle the job as skillful as experienced workers. Therefore, it is important for the management to identify the critical skills required for each job and assign temporary workers accordingly. They might not have the necessary expertise and knowledge for servicing customers, thus antagonizing them with unfriendly and hostile approach.

8.2.2 Using Part-time Employees and Rental Equipment

EAS might want to consider hiring part-time workers during peak seasons to manage demand. Similarly, equipment may be rented or leased to meet peak demands. EAS should explore further possible ways of sharing resources and equipment. For example, EAS might want to utilize assembly plant’s equipment during peak seasons if the sharing does not disturb production flow in the assembly plant. Other possibilities include sharing facilities with competitors like Toyota or Proton.

Advantage

- Allow flexibility in capturing additional demand without having to invest in expensive capacities and facilities.

Disadvantages

- Due to the geographical distance, vehicles need to be transported from EAS to the other centers where facilities are shared. The transportation of these vehicles might prolong the repair time. Furthermore, the transportation expose the vehicles to road accidents which is deemed totally unacceptable to the customers.

- Lack of commitment from the part-time workers. In most instances, part-time workers offer their service in return for money and nothing else. It is often difficult to induce commitment in part-time workers and thus placing higher pressure on controlling service quality and reliability.
• This practice might expose competitors with facilities available in each center thus creating a more intensified competition.

8.2.3 Increase Customer Participation in Delivery

EAS might want to explore the possibility of increasing customers' participation in the service delivery system. The customers could engage themselves in putting on a protective plastic cover on the seats to prevent dirt and stain from setting-in. Forms could be made available for customers to fill in their particulars before being attended by the receptionist who will help them to complete the form if assistance is required.

Advantages
• Customers' participation reduces demand on service delivery system thus enabling EAS to lower the price of the service.

• Through personal participation, customers have sense of better control over service quality and therefore better confidence in the service rendered.

Disadvantages
• Customers might end up being dissatisfied as they have to do the chores or services themselves instead of being attended to.

• Customers' participation might involve a high degree of investment in the need to teach them to carry out the tasks of these "self-service" the first time.

• Uncooperative customers might be unwilling to carry out these tasks themselves.
8.2.4 Building Excess capacity

Excess capacity of certain hard-to-expand resources can be built into the service delivery system early in their development. This excess capacity includes floor space, parking facilities, machinery, etc.

**Advantage**
- Building in capacity in advance has better cost advantage over abolishing the existing system and structure and rebuilds to accommodate higher technology needs or increasing demand.

**Disadvantages**
- The building in of excess capacity is done with the assumption that the demand is increasing. However, this might not materialize. If the demand plunges instead of increasing, the excess capacity will create financial stress to the company.

8.2.5 Cross Train Employees

Even when TCM's service delivery system appears to be operating at full capacity, certain physical elements and their employees may be underutilized. If employees can be cross trained to perform a variety of tasks, they can be shifted to bottlenecks as needed, thereby increasing system capacity. For example, TCM can train its sales personnel to be specialized “mechanics” to diagnose problems of vehicles sent in for repair and maintenance. They will be specializing in diagnosing but not repairing. Hence, during peak demand period, these personnel will be able to offer their assistance when needed.

**Advantages**
- Cross training reduces bottlenecks and hastens the process of service delivery and hence assuring customer satisfaction.
• Reduce the need to engage additional personnel in those areas in need of additional manpower. Therefore, help to reduce operating costs especially in this economic recession.

• Cross training provides opportunities and avenues for service and non-service personnel to gain additional skills that could motivate them further if appropriately implemented.

**Disadvantages**

• Employees chosen might be reluctant to participate in other chores if they are not properly and appropriately compensated. There will be resistance to implementation from employees who are resistant to change.

• Initial investment could be high as these personnel need to be trained on these additional chores and responsibilities.

• Quality of service rendered might be affected if these personnel could not deliver the service up to the expectation even after undergoing training. Service quality will also be affected if these personnel were to undertake additional responsibilities and could not handle the additional tasks.
8.3 Relationship Marketing

TCM should recognize that relationship marketing should be considered as one of the strategies to enhance customer service to attain the ultimate objective of customer service care and excellence as a core competency. In fact as has been well implemented currently by TCM as the moment, relationship marketing complements and acts synergistically to enhance customer service strategies. Both of them have basically similar objectives in attempting to retain customers through the establishment of brand loyalty and at the same encourage repeat purchases. The Relationship Marketing Manager in TCM should work closely with the managers in EAS to formulate and coordinate their strategies so as to reduce redundancies and overlapping of strategies and actions which will result in unnecessary costs.

Advantages

- Reduce costs and overlapping, redundancies of actions.

- Complementary and synergistic if coordinated well to achieve common objectives.

- Increase Profitability
  
  In achieving the objective of customer loyalty and repeat purchase, a firm which practices relationship marketing in coordination with customer service care and excellence is often more profitable as compared to the ones which do not. The incremental profits from this relationship can be identified from increased purchases, reduced operating cost, referrals to other customers and last but not least from the price premium charged.

Disadvantages

- Involve tedious and arduous tasks of coordination between two different departments that might be fighting for the same financial resources.

- Involve high costs to build expensive database and management information system as well as information technology.
• Involve long term planning and close follow up on most of the customers to have desirable results.

8.4 Developing Strategic Leadership among Managers

The senior managers should demonstrate their strategic leadership by providing the company the long term direction of building the culture of Customer Focus as the core competency or resource. However, the strategic vision loses its value when it is not appreciated by the non-strategic operational managers.

To be successful in Customer Care, TCM needs to develop screening systems to identify employees with managerial and strategic leadership potential. The system should be able to evaluate the people within the firm and gain valuable information on the capabilities the firms’ managers. For these managers, training and development programmes should be provided to shape the skills of these people with the intention of guiding them to become tomorrow’s leader of the company.

On a higher management level, forming a heterogeneous Customer Care committee that composed of individuals from different functional backgrounds, experiences and education will be able to improve the creativity of customer service for the company. A heterogeneous team has the capability to provide more effective leadership both in terms of the formulation and implementation of Customer Care strategy. The team benefits from discussing issues from different perspectives advanced by separate individuals. In many cases, these discussions increase the quality of decisions because a synthesis emerges from the contesting of diverse perspectives is generally superior to the individual perspective. Although different view points enhance the quality of decision made, the Customer Care committee should not be too big in number to the extent of inhibiting the team to function cohesively.
**Advantage**

- Strategic management as a source of *inimitable and sustainable* competitiveness.

**Disadvantages**

- Not only it is expensive to screen for potential candidates, it is also expensive and time consuming to develop strategic leadership from within the company.

- The strategic advantage is not appropriate to the company. These strategic managers might move to other competitors' companies and hence intensify competition.

**8.5 Integrated In-House Training Programme to Develop Human Capital**

Human capital refers to the knowledge and skills of TCM's entire work-force. TCM should be wary of the opinion of not investing in human capital. As the dynamics of competition accelerate, people are perhaps the only truly sustainable resource to make the Customer Care implementation a success. An effective in-house integrated training socializes and helps inculcate a common set of core values, promote TCM's vision for Customer Care Excellence and organizational cohesiveness. Furthermore, it helps the participants to improve their skills that are critical to completing tasks which are related to Customer Care implementation.

In TCM's context, an effective integrated training needs to take into consideration the following details to help employees appreciate the Customer Care vision, improve skills and inculcate the desired attitude. This could be achieved by:

- Having a team of qualified in-house trainers;
- Conducting training in a conducive environment.
In addition to the training on Customer Care, it is equally important to establish the managerial and strategic leadership development training program through job rotation and other type of exposures.

Advantages
- In-house designed training would take into consideration the finer details of operational problems, cultural barriers and in-depth understanding of the real problems.

- Fully utilize the existing manpower. The recent recession has resulted in an overall excess of manpower. People with the potential to be good trainers would be identified and developed without having to terminate their services from the company.

- A working environment manifests with enthusiasm for internal and external customer care is an exciting working place. Healthy working environment improves productivity and effectiveness of the workers.

- Enjoyable and beneficial training sessions encourage the employees to look forward to participate in the training program rather than view the training as a waste of time.

Disadvantages
- Incur additional cost in developing trainers, investing in training facilities and traveling expenses for the trainers or participants.

- Eliminate the possibility of having fresh ideas from the external trainers as a neutral party or having the contesting ideas from non-motor industries originated from the differences in perspectives.
8.6 Outsource Training to External Consultants

TCM may choose to engage external consultants to handle the Customer Care program, to develop the training module, conduct training sessions and evaluate training effectiveness.

Advantages
- External inputs and new perspectives to stimulate participants' mind and creativity.

- Professional trainers might be more capable of conducting enjoyable and yet educational training.

- If handled properly, the consultant's opinion has its credibility as an honest and independent opinion without vested interest.

Disadvantages
- External trainers do not have full knowledge of cultural background of the company and the sentiment of the employees towards certain issues.

- High cost involved in hiring external consultants could be insurmountable particularly in this depressing economic situation.

8.7 Investment in Infrastructure, Facilities of Information Technology

*Investing in centralized information tracking system*

The challenge of the information technology today is to improve service quality and speed of response to any problems encountered. The ability to capture valuable information for solving encountered problems is enhanced by the ability to share and discuss for a solution. Establishing a centralized computer system linking all service centers so that service managers could pool their expertise together to improve the speed and quality of solving
customers' problems. In addition, the system could be a source for collection of data on customers and could be easily converted to valuable information for decision making pertaining to services.

Advantages

- Improved repair quality, as the mechanics could now accurately diagnose the symptoms. The ability to solve problems effectively reduces stress in the mechanics and enables one with a healthy mind to exercise care with his internal as well as external customers.

- Reduces the possibility of customers having to come back to the workshop again. The punctuality and accurate timing benefits the overall operational flow in the workshop and consequently provides better services to the customers.

- Facilitates after-repair contacts to customers. With the speed and versatility of retrieving customer data, not only speed and number of contacts will increase the quality of contacts will also improve. The customer data system could incorporate a built-in section which will allow the callers to have quick access to information they often inquire.

Disadvantages

- Cost of setting up the information system will be one deterrence that needs to be overcome by the top management. Not only investment has to be made on the hardware, the maintenance cost and telephone charges mean that the management will have to part with some of their funds to allow for upgrading of the computer facilities which integrate sales, finance, service and parts divisions.
8.8 Investment in the Physical Infrastructure and Facilities

Upgrading of front-stage visible delivery system such as the waiting lounge, the furniture in the showrooms, the up-keep of the condition of showrooms and workshops along with other facilities provide the tangible clues that customers are given special attention. To customers, the clues signal good quality of service outcome, and in the situation whereby customers find it hard to judge service quality, the tangible clues will be taken as evidence for service quality.

In addition to the customers' perception, the willingness to invest in infrastructure is taken as the sincerity on the part of the employer in instituting change towards customer care excellence. Employees would be discouraged to realize that their enthusiasms are not fully supported.

Advantages
- Instill confidence in employees that their efforts in providing excellence customer service is consistent with the management's directive and therefore is likely to be rewarded. As such, the implementation of Customer Care program will encounter less resistant and employees will be motivated to go for the extra mile for their customers.
- Lower staff turnover as employees are proud to associate themselves with a modern and presentable working environment.

Disadvantage
- The initial Investment involves in upgrading facilities and equipment. In addition, there will be subsequent cost in hardware as well as the software maintenance.
8.9 Recognize and Affirm Superior Performance in Customer-Service

Superior performance given by customer-contact employees should be rightfully recognized and rewarded by tying this effort with right compensation.

Advantages

- According to the Reinforcement Theory by B.F. Skinner (1969), good actions or behaviors rewarded will further reinforce repetitions of the actions. Therefore, rewards for superior performance in customer service in this context are justified.

- Furthermore, to change from the old "Me first" to the "Customer First" mindset requires behavior reinforcement. Hence, to reinforce Customer Care mindset and behavior, positive reinforcement must be introduced to reinforce new behavior and negative reinforcement such as, the unpleasant or undesirable consequences (e.g. denial of the opportunity for promotion, penalty system) must be introduced to discourage inferior customer service from employees. From the past experience, it was found that the behavior modification theory applies very well in changing behavior of most employees towards achieving Customer Care and Excellence culture.

- This system will encourage healthy competitions among the employees to further strive for better performance in services rendered. Consequently, this will contribute to the achievement of the objective; Customer Care and Excellence.

Disadvantages

- According to the expectancy theory, people choose to behave from among alternative courses of action based on their expectations of what is to be gained from each action. If there is no reward for practising superior and excellent Customer Care, employees will not care about the success or failure of the strategy and thus, neglect on their performance. Toyota, for
example, implements penalty by having a lower incentive scheme for salesmen who receive complaints from customer. The official complaints from customer will disqualify the salesman from the opportunity to take part in various internal sales competitions.

- The actions will further inculcate bad culture among the employees. This is because it would encourage the employees to always expect rewards for all their actions committed. This system will further backfire if their actions are not rewarded as they will be demoralized.

8.10 Compensation

During good times, TCM's unattractive remuneration packages was one key factor for the high turnover which led to slow progress in the developing of Customer Care culture within the organization. Although now that the employment market is not as volatile as before, fair compensation to the employees is still a valid issue in the long run. If the employer is seen to be taking advantage of the current high unemployment rate by not compensating the employees fairly, the dissatisfaction will cause the employees not performing their best. When the employment market improves, they will be the first to leave the company. Again the history of high turnover will be repeated and the training investment on the people will be wasted. The management should demonstrate a caring attitude towards making adjustment to employees' salary. If the company were to implement retrenchment, its action should reflect fairness and caring attitudes to earn the "preferred employee" reputation.

Advantages
- Reinforced behavior eventually creates a Customer Focus culture. A conducive culture which is necessary to the corporation is difficult to imitate and definitely sustainable.
• Delay laying off workers earns the company the reputation of being caring and responsible. It would reduce cost of retaining good employees in the future once the employees have the reasons to believe that they are working for a good company. These employees reciprocate with loyalty and work commitment.

Disadvantages
• The wrong kind of compensation based on sales performance rather than services could prove to be more detrimental to the company in the long run. This is because it will result in sales employees focusing on getting more sales per unit rather than extending excellence and better services to customers.

• A reputation of caring and preferred employer has its price. The company might just delay the downsizing action that eventually, may have to be carried out. Early decision to layoff employees enhance their opportunities of finding new jobs before the employment market deteriorates further.

8.11 Fix it Right the First Time

The idea behind this slogan is to be effective in eliminating rework. To make "Fix it right the first time" the following steps need to be taken:

(a) Establish the Quality Control (QC) inspection system at Express Auto Service (EAS) workshop. Each repair unit would be subjected to the independent QC inspection to ensure quality.

(b) The receptionist, scheduler, mechanics and workshop supervisor could form a Quality Control team that formulates policies, brainstorm of countermeasures to improve service quality, measures to prevent work hazards and improve safety.
(c) Establish incentives to reduce rework.

(d) Conduct training to improve mechanics' repair skills.
   Currently the trainers are not on full time basis. To improve the mechanics' repair skills, it is necessary for the training to be intensified and that probably implies that a full time training team needs to be instituted.

(e) Improve communication skills of the receptionist to enable them to accurately record the problems posed by customers.

Advantages
- The formation of QC circle fosters a closer working relationship among mechanics, foremen and supervisors for better teamwork, learning experience and problem solving.
- Inculcate the appreciation and desire of improved quality at work.
- Reduce cost of rework. Cost of rework includes additional man-hour spent, cost of customers' dissatisfaction, cost of parts and opportunity cost.
- With the incentives for “Do It Right the First Time”, mechanics could improve their income and hence, contributes to lower turnover of employees.

Disadvantage
- Additional financial cost will be incurred with the implementation of the incentive scheme.
8.12 Regular Customer Care Awareness/Reinforcement Programme/Comprehensive Internal Marketing Strategy

Before the Customer Care concept is assimilated into the company’s culture, the benefits of strategic value and rewards to the employees have to be constantly communicated to them through internal marketing. The effectiveness of the internal marketing could derive benefit from those principles applied to external marketing. Each campaign should be supported by ‘catch phrase’ that not only catches the attention of the internal audiences, it induces this audience to identify themselves with the campaigns and thus carrying them with pride, satisfaction and fulfillment.

Advantages

- To fully inform and propagate the concept and strategies of the customer service, care and excellence to gain the confidence and understanding of all the employees concerned to carry out the strategies and concept effectively and efficiently.

- To motivate and provide a sense of guidance for the employees involved. Otherwise they will be lost, without sense of direction and consequently de-moralized and de-motivated.

Disadvantages

- Too frequent internal marketing activities will disrupt the normal tasks of customer service implemented by the company as they will not be able to focus on the chores they are doing. Internal marketing plans should be well coordinated and scheduled.

- Internal marketing plans’ implementation involves cost. A lot of planning, coordination, execution by employees needs to be carried out before it goes into full implementation.
8.13 Keeping the Best Talent Close to Customers

Promotion for service contact personnel in TCM to managerial level will move away good and excellent, talented personnel from customers. Increasingly, breakthrough service companies are seeking ways to avoid doing this by expanding job opportunities “in place” and broadening the meaning of the term promotion to include increased job opportunities. Promoting the best personnel away from customers will also create a discontinuity of good relationship if it is already established.

Therefore, it is of the opinion that TCM should not promote excellent service staffs away from customers. In fact, these good service personnel should be kept near customers all the time and their promotion should only be confined to job enlargement and wages increment without any transfer above.

Advantages

- It will help to maintain or increase the quality of service rendered in TCM as the company is keeping the best personnel in service near the customers and not promoting them away from customers.

- Continuity of good relationship in TCM without any disruptions to these relationships already established.

Disadvantages

- Good personnel are deprived of exposure and promotion to other job functions in the management side. They might end up feeling unhappy and dissatisfied.

- If they are kept in the original positions with wages increment and “promotion” for too long, job discontentment might creep in as boredom sets in.
8.14 Create and Establish Customer Relation Department in EAS

Excellent customer service begins with understanding customer expectation, how customers perceive and evaluate service quality. However, customer expectations change over time and it is important for a service company to monitor these changes. Furthermore, in his article entitled "The Profitable Art Of Service Recovery" in Harvard Business Review, Christopher W.L. Hart (1990) pinpoints that service recovery as highly critical in managing service quality. Despite the importance of managing service quality and customer recovery, there is no Customer Relation Department in EAS. It is therefore recommended and highly appropriate for TCM to establish a Customer Relation Department as the starting point of a conscientious and systematic approach towards improving customer service quality.

The proposed Customer Service Department should take on the following roles:

(a) Establishing effective measuring system to establish customer's expectation of each of the critical service points. What is even more important is the evaluation of the company's performance against these customer expectations. The result of these measurements and evaluation is expected to lead to effective action and rectification by respective departments.

(b) Establishing the internal marketing program to advocate the importance of customer service and hence develop the right and selected employees with the required skills to undertake these responsibilities.

(c) Provides inputs to the other departments, especially the operation department in their policies formulation, designing of service delivery system, HR management and for other various implementation strategies.
(e) Establishment of customer recovery mechanism. The mechanism includes:

- Accessible complaint channel.
Toll free telephone number is one of the most effective and cheapest mode for customers’ complaints. The officers manning the service recovery should be equipped with basic complaint handling skills, good telephone manner and be given appropriate level of empowerment. The manager in charge must also establish a standard response time for the officer involved to solve the complaints received.

- Allocating budget for goodwill gifts
Gifts given to customers to pacify customers’ mood even after the complaint is solved satisfactory enhance the goodwill and sincerity of the company. A goodwill gift will also communicate the company’s apology for all the inconveniences and frustrations experienced. This is also a form of appreciation for the customers to complaint and the company is offered an opportunity to rectify the weaknesses identified.

**Advantages**

- The establishment of the department with empowered officers will help to solve customers’ complaints and problems speedily and effectively. This will also result in reducing customer waiting time and hence effectively showing to customers that TCM is a company that really cares for them.

- Accepting customers' problems in good faith and taking the efforts to solve them is essentially beneficial to TCM. TCM can identified the weaknesses from the customers’ complaints and by taking action to improve them will certainly enhance the effectiveness of the customer services care.

Solving and attending to customers’ complaints will create a better image of the company as a truly service and caring company. A satisfied customer will naturally engage in word of mouth communication in spreading the news.
around and it will be the cheapest and most effective mode of promotion for TCM.

Disadvantages

- An increase in operating and capital costs an additional department needs allocation of budget for staffing, equipment and facilities.

- The tendencies for certain staffs to neglect on their duties, works and responsibilities as they believe that the department will solve all the problems arises if the customers come back complaining later on.
8.15 Summary

In summary, most of the alternative courses of actions recommended in this section are the answers to the problems identified in TCM as presented in the earlier chapter. It is in our opinion that all alternatives are practical as in all cases the advantages outweighed the disadvantages given. However, there is one common disadvantage for most of the alternatives suggested - a higher cost which is likely to be incurred. But to TCM, this should not be a problem even in this economic situation as it is one company that have accumulated its fair share of capital resources in the recent years and that has made the investment possible. This point is supported by the SWOT analysis in the earlier chapter which revealed that TCM has one of the best liquidity assets among the automobile companies in Malaysia. This research project highly recommends TCM to capitalize on the strong capital resources to further strengthen its core competency.

The investment now in implementing the alternatives recommended will only produce results in future years to come. Since TCM could afford the investment now because of its cash rich position while the competitors are likely to be conservative in their investment, the company should take advantage of the opportunity to build sustainable competitive advantage and core competency. This is one of the best opportunities to strive ahead when other competitors are busy trying to stay alive with their declining cash position.

TCM may decide on few selected recommendations and implement them in stages. Whatever the selection, these alternatives should be properly coordinated and implemented in order to have synergistic effects and to produce the desired results. This is necessary to reduce redundancies, minimize reworks and others costs if it failed to implement these alternatives successfully. These recommendations should be accordingly integrated and implemented in a systematic and appropriate manner for the sole objective of attaining customer service excellence. All the alternatives presented are
thoroughly thought out in this research project and we are of the opinion that they are highly appropriate for TCM especially in this economic situation.