

# Achieving Service Excellence in Real Estate: The Fundamental Tenets

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Service is a critical factor to business success now more than ever (Bettencourt forthcoming). Research shows that improved service drives customer loyalty and willingness to pay, which, in turn, drive improved sales and profitability (Homburg et al. 2009). On the flip side, poor service leads to customer defections and loss of market share (Keaveney 1995). Despite its importance, some companies seem to perpetually struggle with providing exceptional service.

So what is it that sets the likes of Southwest Airlines, USAA, and, more recently, Zappos apart for their exceptional service? Companies that excel at service recognize that excellence is not achieved by a particular tool or technique. When it comes to exceptional service, there are no quick fixes or magical tools. Rather, it requires a disciplined focus on the fundamentals of service excellence.



As real estate professionals navigate the journey of establishing and maintaining exceptional service in their business, this article reviews five fundamental tenets to consider for achieving service excellence. Taking each tenet in turn, we'll focus on understanding the key principles at work and illustrating how some companies have put them into practice.

## Tenet 1: Know What Your Customer Needs

Companies that excel at service know where to focus their resources. They focus on improving what matters most to their target customers and accept lower performance on what does not. Though there is no shortage of approaches to measuring customer needs for service, there is a shortage of approaches to doing this well. To be an effective guide to service improvement, a company must understand how its customers judge value based on what they are trying to get done independent of how service is delivered today. This is a common failure point.

In real estate, for example, it is common to measure service quality using attributes of how service is delivered such as hours of availability, use of up-to-date technology, and agent professionalism. The problem is that a focus on attributes such as these constrains thinking because it fails to understand why these features are valuable to customers in terms of their

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functional and emotional needs. Features are not needs and a failure to properly distinguish them causes confusion (Bettencourt 2009).

A focus on customers' functional and emotional needs across the series of steps they must get done to obtain a service provides the actionable insight a company requires (Bettencourt 2010). In buying a home using a real estate agent, for example, common steps involving the agency include contacting the agency, sharing goals and desires, viewing properties, evaluating properties, making an offer, getting questions answered, and so on. At each step, the home buyer has functional (e.g., limiting the number of irrelevant properties that are viewed, only offering as much as necessary to make a purchase) and emotional (e.g., feel confident, reassured, excited) needs that are independent of – though affected by – how service is delivered today.

## **Tenet 2: Orient Your Company toward the Customer**

Great service companies appreciate the value of people to their business – not only their customers, but also their employees. Starting with the executive suite, they create a shared belief throughout the organization that exceptional service is expected and valued (Schneider et al. 2005). These companies communicate the value of customer satisfaction and loyalty throughout the organization, ensure that all employees understand what the ideal experience looks like from a customer perspective, and make decisions concerning systems, standards, processes, policies, and management practices that exemplify the value of customer and employee satisfaction.

Consider how Zappos has ensured that there is a shared belief around the importance of its number one core value – “Deliver WOW Through Service” – by making some unconventional choices that reinforce the importance of this value (Hsieh 2010). For one thing, Zappos provides its customer service number at the top of every Zappos web page rather than burying it on some obscure page. The company is willing to take on the extra cost of telephone service for the goodwill it creates. In a similar way, Zappos runs its warehouse 24/7, a decision that CEO Tony Hsieh indicates “actually isn’t the most efficient way to run a warehouse” (Hsieh 2010:144). True. But the decision speaks volumes of the priority that Zappos places on customer service over efficiency.

In real estate, consider the following questions to assess how well oriented a brokerage is toward the customer:

- *Is the brokerage focused on satisfying specific customers and needs (vs. being everything to everyone)?*
- *Does the brokerage have clearly established values that align with service excellence?*
- *Does the brokerage have specific standards in place to guide service excellence?*
- *Does the brokerage give priority to customer and employee needs when making decisions?*

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- *Is there a shared belief throughout the brokerage in the importance of customer and employee satisfaction and loyalty?*

## **Tenet 3: Align Your Organization for Service Excellence**

To excel at serving customers, a company must also align its organizational structure, systems, processes, and offerings to deliver the experience that customers are seeking (Bettencourt 2013, forthcoming). The Mayo Clinic, for example, enhances the patient experience with a team approach to medical care. A team will be assembled to provide care for one individual and then disbanded and reconfigured to care for other patients. In a similar manner, Cleveland Clinic ensures accountability on the frontline by using care teams that are headed by a nurse who is responsible for the overall patient experience.

Organizational structures, systems, and processes must also be designed with specific customer and company needs in mind. This is critical because design choices such as customization vs. standardization, team vs. individual service, and company vs. customer production inevitably involve choosing not only what the company will do well but also what the company will not do well relative to the competition. Different design choices are sure to appeal to distinct customer segments or distinct occasions (Bettencourt 2010). This is why WebMD, JustAnswer, MinuteClinic, the family physician, and the hospital emergency room can all successfully co-exist.

In real estate, consider the following questions to assess how well aligned a brokerage is with customer needs:

- *Is it clear who is responsible for overall satisfaction and loyalty of brokerage customers?*
- *Does the brokerage ensure a seamless customer experience across various interaction opportunities (e.g., purchasing a home, listing a home and/or initiating a sales transaction)?*
- *Do the brokerage's structure, processes, and policies give priority to customer satisfaction?*
- *Do the brokerage's structure, processes, and policies enable customers to be served with excellence in terms of speed, accuracy, and customization?*
- *Has the brokerage removed all system, process, and resource barriers to delivering superior service?*

## **Tenet 4: Manage Your People to Deliver What Matters**

A company's service orientation is implemented on the frontline of the business in each and every customer interaction. This is why management practices are so critical to success. To

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ensure that your employees are prepared to deliver superior service, your company must answer three critical employee questions: What is expected of me? What's in it for me? Do I have what it takes to succeed?

Whether through selection, training, job design, coaching, reward systems, or (preferably) all of the above, service leaders ensure that all of their employees are ready, willing, and able to do their part in delivering exceptional service. At Zappos, for example, every new employee – lawyers, accountants, and other staff included – goes through the exact same 4-week training program on the importance of service and the vision and philosophy of the company.

Recognizing that it is inherently difficult to train someone to be a people person, great service companies such as Southwest Airlines spend well above the average amount of time and money to find people with the right attitudes and interpersonal skills to serve customers.

In a parallel manner to employee management, companies that excel at service give equal consideration to helping their customers to be ready, willing, and able to perform their role. Charles Schwab, for example, offers various types of education to its customers to ensure that they possess the knowledge and skills required to make good investment decisions. Schwab offers seminars in its branch offices that are focused on investing basics as well as self-paced educational materials to build customer knowledge and skills related to specific investment topics.

In real estate, consider the following questions to assess how well a brokerage has built capabilities to deliver superior service:

- *Have all management practices at the brokerage (selection, training, rewards, and so on) been carefully designed with customers' service needs in mind?*
- *Do all brokerage employees have an in-depth understanding of what is expected of them in delivering superior service?*
- *Are brokerage employees sufficiently motivated to improve customer satisfaction and loyalty?*
- *Do brokerage employees have the necessary interpersonal skills and latitude to deliver superior service?*
- *Has the brokerage put in place practices to ensure that customers are ready, able, and willing to do what is expected of them?*

## **Tenet 5: Coordinate Your Resources to Stay Ahead**

There are several characteristics of service that demand effective resource coordination. As processes, many services require multiple individuals to do their part at the right point in time. In addition, service is often provided across geographically far-flung locations. Finally, service

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excellence demands consistency with thousands (or perhaps millions) of customers, and consistency from a nearly equal number of employees. When it comes to addressing these coordination challenges, information management is critical.

First, service excellence hinges on systematic information capture from customers, employees, and operations to monitor, control, and improve service delivery. A typical day at a Charles Schwab branch, for example, begins with the branch manager pulling up a customer feedback report based on surveys sent to clients the prior day. The verbatim responses from customers are used to identify patterns in customer frustrations, follow-up with specific customers, engage employees in suggesting service improvements, celebrate successes, and counsel employees on individual struggles. Schwab credits its customer feedback approach with helping it to stay connected to customers' service needs which has led to significant improvement in both its customer ratings and sales (Markey et al. 2009).

Second, service excellence often demands that service employees have ready access to relevant customer information to support coordination of service activities. At Mayo Clinic, for example, when a physician enters an order for a patient to receive a particular medication at particular time intervals, the system automatically notifies physicians, pharmacists, and other medical staff when a particular treatment should be given. The system also highlights new test results in the patient file so that other nurses and doctors do not overlook critical patient information (Virzi 2006).

In real estate, consider the following questions to assess how well a brokerage coordinates service excellence:

- *Does the brokerage track the quality of service that customers receive (e.g. pre-/post-transaction customer evaluations)?*
- *Do brokerage employees have an up-to-date understanding of how well they are serving customers?*
- *Are brokerage employees actively encouraged to contribute ideas for improving service?*
- *Is detailed information about individual customers readily available to brokerage employees to support superior service?*
- *Has the brokerage done everything needed to ensure coordination of service activities across individuals and locations?*

Service excellence is not easy to achieve, but the success of companies featured in this article – and many others – demonstrates that it is both possible and worthwhile. However, success is not be achieved by simply adopting a particular tool or technology. Nor will it be achieved simply by reading examples of service excellence.

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To excel at service, real estate professionals must understand the fundamental principles that underlie the value of particular tools or the success of individual companies. As such, real estate professionals that give careful consideration to the five fundamental tenets reviewed in this article won't find a quick fix, but will manage to create lasting value for their customers and their business.

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For the past ten years, Lance has worked with many of the world's leading companies to uncover product and service innovation opportunities, including State Farm Insurance, Microsoft Corporation, Collective Brands, Hewlett-Packard Company, TD Bank Financial Group, Kimberly-Clark, and J&J Medical.

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