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**EXPORT OF SERVICES: HYPE OF HIGH POTENTIAL?
IMPLICATIONS FOR STRATEGY- MAKERS**

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How Can Service Assurance Boost the Export of Services

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HOW CAN SERVICE ASSURANCE BOOST THE EXPORT OF SERVICES

The Context

The service industry is challenging. The industry accounts for more than 60% of the GDP in most countries and experiences the fastest growth. Because it is intangible, fast moving, constantly evolving and highly competitive, it has always become challenging when it come to setting a trusted “service standard”.

Service is about delivery, efficiency, consistency, transparency, and above all, people, all connected to a specific industry, market and context.

Prior attempting to set some relevant Service standards, we also need to put into perspective the following elements:

- What is the service about?
- Who are the clients (consumers, companies, governments, indirect clients such as insurance organizations...)?
- What is the market were the service is to be delivered?
- What are the cultural values,
- Customer expectations,
- The economic environment?
- Laws and other regulations, best practices...

Hence at this stage, service standards are rare and often, when existing, limited to a country to address the needs of a specific industry.

Service and Certification

The incontestable reference for Quality assurance is certainly ISO 9000. The standard is the worldwide trusted standard, designed to be implemented by all organizations. Most industries have adopted it as a tool:

- To bring assurance that they have in place a stable Quality system,
- To demonstrate compliance to a worldwide accepted standard,
- To help them gain additional business through increased credibility.

Despite the worldwide success of ISO 9000 (nearly 700 000 worldwide certificates issued across more than 150 countries), the service industry has nevertheless faced challenges in implementing the universal standard and gaining the expected benefits.

One of the most probable reasons is the nature of the business:

- Service is about results and people. The service providers' investments are focused on front line activities, delivery and people.
- The consumers/users seek for assurance in delivery and appropriateness of the delivery to their expectations.

Although the ISO 9000 provides assurance in consistent delivery, it does not help in the definition of **specific service commitments** that one provider should meet, nor contribute to provide the **expected transparency in between the provider and the user**.

The success of ISO 9000 has somehow established a wrong understanding of what is or should be Quality assurance in the Service industry. Today, the industry has often turned away from Certification to prefer lighter and more result-focused approaches, which seem to meet a real need.

As a matter of fact, the service industry has been very creative in putting together alternative tools, to help close the gap and encourage a trade or large organization focus on key deliverables:

1. **Trade industries** have developed their codes of practice.
A wide range of local codes of practice exists and is made available to their members to help overcome some of their key challenges. In some cases, such codes of practice might be adopted by the regional trade (for example in the EU), which might overtime be turned into an ISO standard.

This is the case for market research activities for example.

2. In some cases, and in an urge to address the key concerns of an industry, we may also observe a **conglomerate of large firms**, which spontaneously design a code of practice to be implemented worldwide.

TAPA – freight security, CTPAT in the US to address safety in transportation are well known codes of practices. Today, TAPA and CT PAT are codes of practice, which are strongly enforced by the key players throughout the trade.

3. **Multinationals** have designed their own codes of practice to ensure a consistent implementation and delivery of their service commitments throughout their network.
4. **Service charters** are also a popular tool, which might either complement the above or be used by a firm as a stand-alone tool. In the later case, it is mainly a marketing tool which often seen as a self-declarative tool with reduced recognition.

Still, these initiatives foster the establishment of a **transparent relationship** between the user and the organization and **stimulate employees** to meet the announced commitments.

5. Customer **satisfaction surveys, mystery shopping activities**, to monitor on going compliance are certainly the most widely used substitutes to assurance used to monitor compliance to such announced commitments and private codes of practices.

All above approaches are usually valued by the firms as it is meeting specific needs. Still, over time, these confidential private initiatives might suffer from:

- The **lack of direct involvement of the consumer / user, and public sector** in the **design of such codes of practice**,
- The absence of an **official recognition of the code of practice** – to install instant recognition between 2 business partners, in particular across when it comes to international business.

Critical issues for Service importers relate to **mutual trust, compliance to their rules and expectations, efficiency and performance**:

1. **TRUST AND COMPETENCE**: The recent series of plane accidents has caused skepticism from the tourists, passengers, and governments in the safety measures, which are in place in some countries. Some passengers decided not to board on a plane, some airlines decided to stop flying to some destinations until they receive comforting and reassuring commitments.

More examples could be found as “Health Tourism” increasingly attracts new population but raises also a series of concerns with regards to **competence, hygiene and safety** in place, technology used...

2. **EFFICIENCY AND PERFORMANCE**: is another area of strong focus, which might become a trade barrier if the provider cannot demonstrate it is meeting some performance standards.

The Service distribution widely covers B-to-B relationships: Retailers, transporting goods, have to constantly demonstrate efficiency, safety, and performance.

Service Certification

Certification is the passport to quick access to the market and recognition

In designing **transparent and trusted relevant standards**, and giving the assurance to all parties that such standards are implemented by organizations and / or industries considerably **fosters exchanges in between countries, or regions – in particular with developing countries where trust is not established yet** – having an impact on the growth and competitiveness of the service industries from the developing countries.

A case study

Service certification was made “operational” in France in 1994, when the French government, in an attempt to increase Consumer protection, published a law and then a decree, to **foster the development of Service standards** allowing service providers to be officially certified against a standard fit for their industry.

Driven by an industry or a large corporation, the standard is often based on existing **industry codes of practices** but also incorporates the **vision of the Customers** and other **Key stakeholders** such as the **public and private sector** to ensure that key elements critical to the delivery are included in the standard.

The coordination of the standardization process is open to private organizations (often certification bodies), providing:

- They demonstrate they coordinate an **independent, balanced and competent consultation process** with the key stakeholders from that industry, to ensure that the standard is up to the expectation but remains accessible to service providers,
- They do not have a direct involvement in the validation of such standard.

As a result, **every standard** is endorsed by representatives of:

- **Users** (often consumer associations),
- **Professionals** (usually in industry),
- **Public Sector** (the parent ministry and the one from industry)
- Other relevant key stakeholders (insurance...)

Upon validation, the **standard is registered at the Ministry of industry** and **published in the Official Journal**. The certification process is then allowed on the basis of this approved standard.

Delegating the standardization process to the private sector has allowed the **fast development of trusted industry specific standards**, which matches the fast moving and evolving service industry. The development and validation of a **Service standard** usual takes between **9 and 18 months** and these may be revisited on a regular basis, as needed.

Which are the Key Ingredients of a Quality Assurance Program in the Service Sector

The ingredients are a mix of the following attributes:

- **RELEVANCE**: Service commitments need to meet the client expectations, litigations and concerns on the **target markets**. **They may evolve over time**
- **CREDIBILITY**: Endorsement of such commitment by relevant key stakeholders (industry representatives, Governments, consumer/user representatives, other experts).
- **TRANSPARENCY & COMMUNICATION**: The commitments need to be openly shared and communicated to the clients, users...

- **ASSURANCE:** The service provider needs to demonstrate that he meets the standards and has a system in place to ensure on-going compliance to the standards
- **SIMPLICITY AND EASE OF ACCESS:** Criteria need to be understood by all in order to be implemented, complied with, and valued by user. Still, the standard needs to remain accessible and easy to operate on a daily basis.

Within an international relationship, the development of the service standard is driven to meet and address the key concerns. In that respect, it is critical to identify the following:

- What is the service about?
- What is/are the target market?
- What are the customer expectations, best practice, regulations, litigations which need to be addressed
- Who are the key stakeholders - those influencers that would see a benefit in the approval of a standard?
- What are, at the respective steps of the process flow (service delivery), the critical success factors to overcome the identified challenges?

On the basis of the above, the service standard is developed, **to meet the highlighted critical service elements** and related commitments. It covers **necessary processes** to be in place to have the assurance that the service provider will **constantly meet the “Stated commitments”**.

Criteria are specific to the industry (for example: Call centers, restaurant, banking services, logistic industry...) and will usually cover, throughout the **“Consumer path”** or **“service value chain”** the following dimensions:

- **Competence** of the employees,
- **Transparency** of the service delivered and commitments on level of services,
- When a product is associated to the service: choice, **safety**, origin of product, transparency of information associated to the product.
- The **environment** where the service is delivered: comfort, cleanliness, equipment used and its maintenance, fitness for purpose,
- Customer **satisfaction** and Continuous improvement,
- **Efficiency** and performance
- **Other elements of focus:** Growingly social accountability, integrity, environmental concerns are built in such standards.

The Key Steps of Service Certification

Service certification is usually split into 4 key stages:

1. **Standardisation – Publication**

The standard drafting is usually initiated by the trade or a large multinational.

Service Standardisation is certainly one of the **building blocks for facilitating the export of services**. The identification of the **critical Service elements** that need to be addressed, their **endorsement** by the **Public and Private sector** through a consultation process tremendously help **building a trusted open relationship** between two markets and initiates a balanced process to ensure that the standard:

- Is open and accessible to the trade
- Meets the key expectations
- Is trusted by all.

We also need to highlight how the certification process remains accessible and focused on the key priorities of the service provider:

2. Implementation / Appropriation by the Industry

The trade industry usually ensures that the approved standard is made available to their member for implementation. They might also be active in setting up adequate actions with government in order to raise the awareness within the target market.

The individual provider implements the standard (often thanks to self assessment).

3. Certification – Communication

The methods used to assess compliance of a provider to the service standard are adjusted to the service industry and include, besides the traditional audit methods additional techniques to assess Service performance:

- **The customer satisfaction survey:** a tool to help monitor on-going compliance to the commitments announced to the customer
- Where relevant, the auditors (qualified to the service audits and specific standards) – may start the audit using **mystery guest assessment methods** combined with **unexpected audits**.
- The communication of the key criteria to the consumers / Users, allows an on-going natural audit process with **users**.

Such innovative audit techniques have a **strong positive impact on the providers**, who see direct benefits from the service assurance programme. It secures on-going compliance to the service values:

- The focus of the audit is based on the effective delivery of what is announced – which is fully in line with the service providers priorities.
- All teams have to be continuously committed to make it happen – “Quality assurance need to be part of their way of life”
- No preparation time is needed for the audits. Employees are focused on delivery rather than the auditor’s satisfaction.

Designed to provide Quality assurance and install transparent relationships, the communication is building block of Service certification. Transparency is achieved through:

- **THE STANDARDS** – Publicly available document
- **THE CERTIFICATE** - The key commitments are clearly stated on the certificate,
- **THE INFORMATION DOCUMENT** – Certified providers communicate their service commitments to their clients through a user-friendly information document.

4. Continuous Improvement

The service standard is evolving over time and revisited on a regular basis to ensure it continuously meets the market needs and requirements.

Service Certification – A Trust Booster for International Trade in Services

Service certification is a perfect tool to help Governmental bodies and trade industries define the best practices, regulate and encourage the trade to be more competitive and better equipped to fight on a competitive market.

The benefits of Service certification to the individual firm are multiple:

- The standard is set by the trade and there is normally no related cost for the trade to access the standard.
- The best practice is truly recognised on the importers target market and certification delivers **the expected transparency while reinforcing the communication of the service provider**.

Strategy makers – use service certification as a tool for differentiation while they are still keen in having systems certification and other internal codes of practice internally implemented. Such tools fully complement each other and have respective benefits, which need to be understood and used adequately.

Over 250 Service standards have been developed either by trades industries (Automotive sector, health care...), but also by large corporations. Most of these standards aim at addressing local market needs, but growingly, Service certification tend to cover wider markets “Europe”, “Asia”... Sectors where obviously some concerns need to be addressed.

Although **Smile is the ultimate symbol for Service Quality**, primary concerns such as giving **Effective delivery, Safety, efficiency, transparency assurance** are those concerns that need to be dealt with through the development of Service certification standards.

Retail and whole sales, transport of goods and people (safety, efficiency), Governmental services, Health care, Tourism (airlines, airports), IT and Financial services are certainly the industries, which have already recognised the necessity to implement Service assurance.

Where are the Existing Barriers?

This innovative assurance system is not yet widely spread. It is today difficult in certain economies, to get the involvement and support of Governments, consumer associations, traders, etc. The major barriers are:

- Awareness: What is it and how can the country benefit?
- Role: Setting the laws is the priority. Does the legislator see a role in setting the laws while boosting competitiveness?
- Priorities: The strategic dimension of Service certification is not always perceived. It is in perceived as an additional Quality assurance tool, instead of a mean to leverage the competitiveness of an industry, a country

Where private bodies are involved in the coordination of the development of the standards, **Accreditation bodies** need to understand their role not only in ensuring that the certification process is performed by independent, competent and impartial organisation, but shall also ensure that the standardisation process meets the rules for setting credible standard on the market place and meets the rules of expected transparency, openness.

In some are – some global standardisation initiatives led by ISO shall be initiated for certain sensitive industries, where local appropriation cannot set the benchmark of Service Quality.