A ROADMAP TO IMPROVED CUSTOMER SERVICE, EMPLOYEE ENGAGEMENT AND INCREASED PROFITS
Many chief executives and corporate boards recognize they need to alter or even drastically reshape their corporate culture, but few follow through and benefit from the successful transformation they envisioned. But a recent Chart Your Course International project led by Greg Smith and Patricio Porras not only achieved success for Riverside Auto Group but outlined a blueprint that virtually every company can follow when trying to change its culture. Among the successes of this project are:

- Service department sales up 22% in less than one year
- Empowering workers to make on-the-spot decisions to satisfy a customer
- Customer complaints are down from one a week to one a quarter
- And read on... there are even more!

Riverside Auto Group, a second-generation company owned equally by three brothers, operates seven dealerships employing 190 people throughout Michigan’s Upper Peninsula (Marquette, Escanaba, and Iron Mountain) and Wisconsin (Marinette). Collectively the dealerships sell 300 cars each month and their service departments handle 5,000 cars a month, generating a total annual revenue of $110 million. And while CEO Tim Dagenais says that’s pretty good for a company that size in those Upper Peninsula markets, he wanted to do better. Because for as long as 17 years Dagenais had harbored a vision of a company where employees felt like contributors and where customers – “guests” in the new Riverside parlance – not only felt like coming back but told their friends that they wanted to go back.

“Riverside already had good customer service but Tim wanted to create an even higher level of customer service, what we termed Premier Customer Service,” Chart Your Course International’s Smith says. “Most companies miss the boat when trying to do something like this because they only want to conduct a couple of short training sessions. But we developed and designed a formal strategy on how to achieve a culture that proves treating people better generates better financial results – and Riverside signed on.”

Tim and his brothers had laid the groundwork for this cultural transformation more than 15 years ago when Riverside began retooling its hiring approach, working to bring in people who wanted more than just to collect a paycheck. “In 2013 we figured we reached the point where about 85% of our people where the type of people we could count on to take our company to the next level,” Dagenais says. Dagenais had high expectations, some of which included:

- Train employees to provide “guest” service similar to service in high-end hotels
- Restate the company mission to be the “best in town for guest service”
- Outline improvements Riverside can make so guests choose Riverside over competitors
- Empower front-line workers so they can go “above and beyond” to satisfy a guest on the spot
3-PHASE ORGANIZATIONAL PROCESS

One of the first cultural changes made was to begin referring to employees as “associates” and customers as “guests.” “If we think of our customers as ‘guests’ in our house we think they’ll get better treatment,” Dagenais says. “The same with employees. They are people who can help make our company better. We expect a little more from them and they have stepped up for us.”

Then Chart Your Course International’s Smith and Porras designed a process that, if followed by Riverside, would effectively change Riverside Auto Group’s culture.

**PHASE 1: ASSESSMENT & ORIENTATION.**
What are the skeletons in the closet? Where are we starting from? What needs to change and why? What are the obstacles? How are we going to make the change?

**PHASE 2: TRAINING & DEVELOPMENT.**
Defining what Premier Customer Service is and explaining how Riverside management and the associates were going to provide it. Empowering the associates to enable them to provide Premier Customer Service. Explaining the impact of Premier Customer Service on associates and on the company in both the short and long term.

**PHASE 3: REINFORCEMENT & REFINEMENT.**
Refine associate empowerment. Guide managers on supervisory skills using Chart Your Course International’s DISC personality assessment to help managers understand their own temperaments. “Managers realized they have to manage people differently because all people are different and react differently,” Smith says.

**TOP-DOWN COMMITMENT OF MANAGEMENT**

“If the chief executive is not willing to be involved you’ll just shoot yourself in the foot,” Smith says. “I wanted to make sure Tim wanted to be involved and was really committed to this. That he was there. Because the feeling of most employees is ‘if the boss doesn’t show up he doesn’t really give a damn so I don’t need to either’.”

Not only was Dagenais involved throughout, he made sure management was “on the bus” for the duration. He met with all managers; outlining the plan, the changes that would be forthcoming, the reasons for them and the long-term expectations (he also had a few one-on-one meetings with managers he thought would be the most skeptical). “It is paramount that there is complete commitment, support and involvement from management,” Dagenais says. “Any negatives from leadership and the process will die. If the associates or other managers pickup up any inference, any idea that leadership doesn’t think this is the right way to go, and it will fail.”
BOTTOM-UP EMPLOYEE PARTICIPATION

To help make sure Riverside’s employees were “on the bus,” Dagenais and Smith identified a 12-person steering committee comprised of members from all locations and from all job levels from mechanics to sales to administrative. Makeup of this group was crucial to the success of the process because these people would be the guiding force to define and determine how to provide Premier Customer Service but to convey to all the workers what was taking place. And how did the steering committee define Premier Customer Service?

- Every guest will be greeted, and treated, as though they are a guest in our home, with a smile.
- We will always maintain a clean, safe, inviting environment for all of our guests.
- We will provide guests with a professional and knowledgeable staff in all areas of the dealership.

Riverside general manager Paul Halbur was invited to join the committee and eventually he became the steering committee leader and in-house project manager. “We met with Patricio Porras every month but things needed to be accomplished in the interim to keep the process moving and to keep up the momentum,” Halbur says. “And whether it was me or someone else, that position is absolutely critical to the success of the effort. To maintain our momentum we needed an internal driver.”

Smith says some members of the steering committee had been with the company more than 20 years – yet they’d never been asked to participate in making decisions on the direction of the company; they’d just been told to do their job. “When provided the opportunity to weigh in on a culture change they enthusiastically grasped the opportunity,” he says. The steering committee made it clear that one of the obstacles they were going to face was general skepticism among the workers. The committee knew workers had gone through training programs before (at Riverside and at other firms), that those efforts had usually failed, so the question they were going to have to answer is “What’s different this time?”

“We made it clear that this is a process, not a program, and we gave the steering committee ownership of the process,” Smith says. “They would identify the problems and, guided by Patricio and me, would determine solutions and then bring those cultural changes to the other workers. Steering committee members were to be evangelists for the company.” So instead of having a consultant tell people what to do these respected people told the people they worked with what needed to change. “The people on the committee committed to this with a vengeance and they were very successful,” Smith says.

And that’s what started to happen quickly at Riverside.
Case study: Riverside Auto Group

A Roadmap to Improved Customer Service, Employee Engagement and Increased Profits

The Turning Point: Employee Empowerment

And are they taking advantage of it! Not only are individual associates stepping up to provide Premier Customer Service but it’s being embraced uniformly across the company. Halbur has 37 employees at his dealership and 34 of them have participated in the empowerment process in one way or another. And he says that level of participation is consistent at each dealership. “Some people because of their position have participated more frequently because they have more frequent opportunities, but overall there’s a very high level of involvement for the process,” Halbur says. He says there are “literally hundreds of examples” of associate empowerment, including:

- A guest’s car wasn’t ready when it was supposed to be and an office associate, recognizing the delay, took it upon herself to buy a $50 gas card for the guest as a way of apologizing.
- A mechanic was fixing a warrantied part and noticed a related part also needed to be replaced (even though it wasn’t quite worn out). The warranty wouldn’t cover the worn-but-still-functional part so the mechanic replaced the part on his own (part and labor was less than $250), saving the guest a possible breakdown and another trip to the dealership.
- And not all associates’ efforts involve spending money.
  - A sales person heading out to dinner with his wife received a call that a guest’s car had broken down. The sales person and his wife drove their car to the dealership, switched to a tow truck, went to dinner in the tow truck, then picked up the guest’s car and drove it to the dealership.

Dagenais says that in the early days some associates went a little too far with their newfound empowerment, but he says they never were criticized. “Instead we applauded the effort and used that situation to improve on what we should do in the future,” Dagenais says. He attributes a large part of the success to the ongoing training from Chart Your Course, led by Porras. “They have a great trainer in Patricio,” Dagenais says. “His sessions were so engaging and interactive. He got everyone involved using real-life situations with a lot of role playing.”

Part of Phase 1 was a broad survey of all associates found, among other things, that what upset employees the most about their jobs was that they “weren’t in charge” of anything. For example, if a guest came in for an oil change and happened to complain her windshield wipers didn’t work, the associate was powerless to fix the wipers. The associate had to go to a supervisor to get permission to change the wipers or had to tell the guest to make a separate appointment. The solution, arrived at by the steering committee, was to empower each associate to do whatever he or she could to help the guest – up to a dollar limit. Management got involved and the dollar limit was set at $250. “Up to $250 each associate can take ownership of whatever that customer’s concerns are, and anyone can do it, whether the associate washes cars, fixes cars, sells cars, anyone,” Halbur says.
Another aspect of the process was essential to its success is “recognizing the heroes,” as Smith puts it or “celebrating the associates,” as Dagenais says. Riverside management made it a point that every time an associate made an adjustment to aid a guest or solve a problem, that associate was heralded in a company-wide e-mail from Dagenais or from middle-level managers for the people they supervise. “When the e-mails go out, the people who are recognized often get anywhere from 70 to 100 congratulatory replies from other associates,” Halbur says. “It’s something they’ve really embraced.”

Dagenais says they celebrate the associates for the action they took, even if they made a mistake in what they offered or how they did it. “Otherwise we would have squelched their enthusiasm and their feelings of empowerment,” Dagenais says. “This recognition is crucial to the success of the process. It’s one way to get them to buy in to the idea, and by constantly celebrating people in e-mails the associates can see that the culture really is changing.”

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Smith says that a process like this needs short-term wins to reinforce the changes that are underway. “You need the theoretical, all the work the steering committee did developing the mission, vision and core values and defining what ‘good customer service’ is,” Smith says. “You need that but you have to make heroes along the way. You’ve got to have some wins along the way or you lose the excitement of the employees, so Riverside recognizes new behavior and celebrates success.”
MEASURING SUCCESS: QUANTITATIVELY AND QUALITATIVELY

And the results of this cultural shift at Riverside Auto Group are nothing short of remarkable no matter how you look at it. From a quantitative standpoint Dagenais says 2014 sales among all seven dealership service departments are up just under 22% over 2013 – and Riverside has added no other services or offered any additional special promotions to reach those figures. And while it’s too soon to be able to measure the transformation’s impact on guest retention, all signs point in the right direction. “Out of 5,000 cars a month that go through our service departments I might receive one complaint every three months,” Dagenais says. “Five years ago I would receive a complaint a week.”

Halbur cites a specific example that he says will undoubtedly encourage at least one guest to return. A customer from Houghton (100 miles away from Marquette) picked up his car at 5:30, drove off and within 25 minutes called the dealership to say there was a problem. Riverside’s service department closes at 5:30 and the dealership at 6:00, so associates were either gone or on their way. The sales person who took the call asked the guest to drive back and in the meanwhile found a mechanic to return to the shop to look at the car. The service tech fixed the problem, and the guest drove off for home – late but with the problem solved. “The next morning that guest had boxes of donuts delivered to the dealership, so we saw an immediate and huge recognition for our Premium Customer Service, despite the fact he had to drive back and wait,” Halbur says. “We’ll see him again.”

Carol Weber, human resources manager, confirms that there is a higher level of associate involvement throughout Riverside’s operations. “We expect it to get even higher but we already are getting a lot of input from associates who have solutions but who previously wouldn’t have put forth their solution because they thought nobody cared. Now they are part of the solution.”
CONCLUSION

Smith said that the Riverside Auto Group experience is an ideal blueprint that can be applied to almost any type of organization. “But what do most companies do when they perceive a need for change or want some training? They bring in a motivational speaker or a consultant to run a training program for them,” Smith says. “That program runs a day or maybe a week but then it stops and the employees ask, ‘Well, we did the training, when are the changes taking place?’”

“With Riverside we did it the right way, designing and implementing a formal process,” Smith says. “The right way is better because it’s more thorough and it’s longer lasting. It will last forever. And the result has been just what Tim Dagenais and his brothers were hoping to find: happier and more engaged associates, happier guests who return to the dealerships time after time, and increased sales.”

ABOUT CHART YOUR COURSE INTERNATIONAL INC.

Since 1996, Chart Your Course International has partnered with organizations to design strategies and processes to help navigate change and transform businesses into exceptional workplaces that attract, retain and motivate people to their full potential. As a result, businesses achieve clearer direction, stronger executive teamwork, improved communication, improved customer service and happier and more productive employees. Gregory P. Smith, founder and President, has delivered more than 300 presentations and designed professional development programs for national and international organizations. He has published more than 350 articles and is the author of Fired Up! Leading Your Organization to Achieve Exceptional Results.

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