

Introduction and Identification of the Firm

Customer service covers all avenues of service whether it is before, during, or after the service task is completed. *Customer Service, Inc.* is a regionally-based company in Northwest Indiana that offers customer service training for service employees who encounter guests on a nominal or regular basis. Customer service is lacking many areas of the business world, and this training company will assist those individuals who have no customer service skills as well as individuals who have experience in customer service who desire new tips and tricks of the industry.

Customer service is covered from the ground up when dealing with guests and *Customer Service, Inc.* will focus on training the building blocks, or the foundations of customer service. Examples of customer service topics include in-person, telephone, and e-mail customer service and training generally consists of two, eight-hour training sessions for each package.

Customer Service, Inc., located in Michigan City, Indiana, was founded by Alex B. Criswell when enrolled in graduate school at Purdue University Calumet in the year 2013. As noted above, customer service has been lacking in the business world and Alex recognized a need to improve customer service in the service sector. These businesses include, but are not limited to: 1) Retail stores, 2) Medical operations, and 3) Hospitality establishments. Alex has noted that employees at many service venues are lacking basic customer service skills and his goal is to improve those skills in his training. He recognizes that budgets are tight with many companies due to the status of the current economy in society and he will offer several levels of training in order to meet the customer's needs in reference to their shrinking budget(s).

Though the owner is still enrolled in graduate school, he will focus on expanding his customer clientele throughout the Northwest Indiana area and the Chicagoland region. The sole proprietor, Alex B. Criswell, is currently a certified trainer for Olive Garden Italian Restaurant, in Michigan City. When Alex became a trainer, he recognized his passion for training and education and planned to pursue his dream further with owning his own training business. He plans to graduate in the spring term of the year 2014 and wishes to gain field experience in the business world before expanding the organizational structure. *Customer Service, Inc.* is currently a sole proprietorship; however, Alex plans to expand the business and organizational structure to a limited liability company (LLC) by the end of the year 2016.

Definitions of Services/Product

Service industry employees, or “customer service representatives,” provide an important link between customers and the companies who produce the products and services used by customers. These individuals are responsible for responding to customer inquiries and ensuring the customer is satisfied with the product. This includes answering questions about the operation or function of the products, noting recommendations for the products, and resolving issues with the products.

Most customer inquiries involve simple tasks, questions, or requests. For example, a customer may want to inquire on the status of an order, find out if a product is in stock, or change account information such as an address or payment method. Though these are simple tasks that may not require a large amount of training, some questions or inquiries may be much more difficult to answer or complete. In this case, the employee would need to perform additional research ask for help from another employee or expert. In most cases, the representative’s primary function is to determine who in the business or organization are best suited to provide the necessary or desired solution.

Not all customer inquiries may be easy or pleasant, as sometimes customer complaints can surface. In a complaint instance, it will generally be handled in accordance with company policies; although, some cases employee’s, known as “gate keepers,” may attempt or be required to fix the problem or offer alternative solutions. Generally, this type of customer service role will be able to replace products, provide refunds, or offer an alternative product for the defective or incorrect product. In the end, all company or organization employees interact with the customer whether directly or indirectly and employees will need to ensure that the service provided will satisfy the customer and be in accordance with company policies, goals, or mission.

Customer Service, Inc. will provide comprehensive and focused training lessons on in-person, telephone, or e-mail customer service. Though the current packages offered are designed for entry-level employees; more modules will be developed for managers and executives as the company grows and progresses. Besides the offering of packages for face-to-face modules, online training is on the company's roadmap to meet the needs of today's digital learners and is expected to be completed by the end of the year 2015.

The objectives for *Customer Service, Inc.* training modules are:

- Identify the target audience
- Determine the specific needs for the target audience
- Analyze the target audience and assess the audiences levels of:
 - Learning retention
 - Intelligence
 - Skill level
- Determine specific subject content
- Design a roadmap for the length of training and content presented.
- Develop a company-specific training module
- Ensure the end-user has the appropriate materials for the training session
- Determine the technology needs for the training and if it is available to the end-user (online modules only)
- Secure the learning environment for the trainer (if their location is not available for use)
- Develop the training class schedule for trainees
- Implement the program
- Coordinate program
- Evaluate the training session

Training Modules

Current:

- Customer Service: *The basics, Customer Service and you*
- Customer Service: *Delivering exceptional guest service*

The basic packages offer customer service basics in reference to in-person, telephone, or electronic guest service. Two packages are available to suit the customer's needs with one on the basic service level, and the second on the high-end or executive style service level.

Developing:

- *Ring, Ring: Customer service in your hand*
- *Customer service on the screen: Email service and etiquette*

Though the basic packages cover customer service in reference to the telephone and e-mail; these new programs will dive in deeper to telephone and email customer service. These packages will also contain tips and tricks of telephone and electronic customer service.

Future:

- *Coaching & Mentoring: The service supervisor within you*

As mentioned earlier, the company wishes to expand their training to managers and supervisors in reference to customer service to guests and other employees. This training will help managers and supervisors recognize their management style and will provide them with mentoring skills.

Definition of Target Markets

The primary focus at this time is placed on local, retail or chain store retail companies and small “mom and pop” type businesses. The focus reasoning for small businesses and chain stores is to reach the large share of businesses in the business world that have a need for customer service skills training. With the fluctuation in the economy, employers have focused on customer service skills in order to attract more guests to their establishment since most guests are cutting back on their spending habits and not visiting as many stores on their shopping trips. In addition, since guests are cutting back on their spending habits, many small stores as well as discount chain retailers may have a higher guest ratio due to the economy fluctuation.

In order for these businesses to be successful, they must focus on employee training so their revenue, productivity, and employee morale will increase. In addition, minimal training is required in order for a business to function normally as there is no universal design in training for an employee to follow and be able to work at every establishment.

Business information for one of the targeted businesses is provided below, which is noted from Kohl’s Corporate (<http://www.kohlscorporation.com/>):

Kohl’s (KSS)

2012 Sales: \$19.3 billion

2012 Sales Growth: 2.5%

2012 Net Income: \$986 million

2012 Employees: 137,000

Brief summary

The company is based out of the United States with its corporate headquarters located in Wisconsin. Though nationally-based, the company has store locations across the entire nation with the higher number of stores located in the Midwest and Northeastern United States. The company targets middle income customers and has a mission “to be the nation’s leading family-focused, value-oriented, specialty department store,” as noted on the Kohl’s corporate website. The company has over 1100 stores and offers products from name-brand manufacturers such as Apt 9, Jockey, Goldtoe, Nike, Lee, Dockers, Mudd, and the Food Network. Kohl’s has merchandise agreements with these noted companies, as well as many other’s and are able to offer products at a discounted rate compared to other department stores.

Strategies for identifying new services/product improvement

Customer Service, Inc. will initially operate on a part-time basis, as a home-based business. Once the business begins to flourish and more staff is added to the organization, the sole proprietor will increase the amount of time he can devote to training sessions.

Additional training in project management will be beneficial to our clients. The sole proprietor will plan to become a member of the American Society for Training and Development for networking purposes, professional development, as well as for more information regarding training that will benefit the company. Professional development is very important to the sole proprietor as he plans to benefit from further education and training to expand the business.

On the company's roadmap is the plan to offer training in specific programs, such as Adobe InDesign, Adobe Dreamweaver, Adobe Photoshop, and Adobe Premiere Pro. Adobe InDesign allows users to create flyers, invitations, newsletters, and other creative pieces that can be distributed to customer's in-person, online, or by postal mail. Dreamweaver allows users to create websites for businesses and personal use, which is a great asset to a business since our world and lifestyles have become technology driven. Adobe Photoshop allows users to edit photos and other types of media, which can be used to post in flyers or other creative pieces, as well as on websites. Adobe Premiere Pro allows individuals to create and edit videos; which could be useful for company websites or the television as a commercial. These training modules are expected to be developed by the end of the year 2018.

Marketing Approach

As mentioned earlier, the sole proprietor plans to network with local businesses which includes the managers and supervisors of each business. The purpose of this networking strategy is to for the sole proprietor to gain a professional network of business colleagues. To further market the business, *Customer Service, Inc.*, will offer one free consultation, per company, for a limited time. The sole proprietor will tour the workplace, observe employee and guest interactions, and offer a maximum of three suggestions on how to enhance the businesses customer service skills. Based on the consultation, the company will be able to choose a training session from the topics offered. As an incentive, one training seminar will be offered at a discounted rate. In exchange for this free consultation and discounted seminar, the participating employer of the complimentary training will sign a written contract to agree to provide written and video-recorded testimonials on behalf of the services provided from *Customer Service, Inc.*; otherwise the normal fee rate will be assessed for the consultation and training.

The complimentary training will be a shortened version of the basic training offered. Suggestions will be provided to the participating business once the data is collected and analyzed by the sole proprietor. Once the participating business receives the analyzed data and suggestions, the company has their choice of which discounted session they would prefer. Once the discounted session is conducted, the company will be required to provide their testimonial within one month of the date of the training. As noted above, if a company fails to comply with these terms, the normal fee rate will be assessed for all services provided.

This marketing approach is for *Customer Service, Inc.*, to receive a reputation by word-of-mouth as well as an online reputation approach. Other marketing approaches for *Customer Service, Inc.*

include:

- Business networking
- Personal (sole-proprietor) networking
- Visiting target businesses to ensure our prices match our competitors
- Follow-up calls and visits with participating businesses that wish to provide testimonials
- Printed flyers for distribution at local business, in regional newspapers, and online marketing
- E-mails will be sent to participating businesses who subscribe to our forum and discussion blog
- Fully-functional company website as well as a mobile website
- “Refer a friend” program, where the company who refers another business will receive 10% off their next session.
- Linked-in
- Social media tools, such as Facebook and Twitter
- Local and Regional Business conferences
- Communicating with local business to find out their exact training needs

In addition to these approaches, once the company transitions to a LLC, a marketing consultant will be hired to handle the marketing and advertising aspect of the company.

Organizational Configuration

Initially, the sole proprietor will operate the business by himself, and hire additional trainers and clerical staff as soon as financially possible. It is foreseen that *Customer Service, Inc.* will be transitioned into a Limited Liability Company (LLC), which will be favored to offer liability protection. In addition to trainers and clerical staff, the company will hire an accountant for the business as the sole proprietor would prefer to keep his complete focus on the training and services offered versus the financial aspect of the business.

As mentioned earlier, the sole proprietor will operate the organization as a home-based business until further company expansion is needed. Training will primarily be conducted at the client's location; or at an off-site facility that can be rented by the client, if desired.

Financial Procedures

As mentioned in the marketing approach, *Customer Service, Inc.* will initially offer complimentary consultation and a discounted training session as an initial strategy to attract business and get the company's name "known." Once the company begins to establish a client base, the normal fee rate will be charged for the training sessions and consultation. Training sessions will include a maximum of 30 participants per session. If a corporation requires more than 30 participants to be trained, participants will be divided into separate sessions.

Based on current research for customer service training, the company will offer fees based on the following structure:

- Initial consultation: \$250 flat fee
- \$170 per person, (1-9 participants) for an eight hour, single-day session
- \$190 per person (10-20 participants) for an eight hour, single-day session
- \$210 per person (21-30 participants) for an eight hour, single-day session
- Travel expenses (varies) - Company (client) will cover all travel expenses which includes, but is not limited to:
 - Gas Mileage (\$0.60 cents per mile)
 - Lodging (Receipt from lodging establishment will be submitted to company)
 - Flight/Transportation expenses
- \$10 printing fee per participant

In order for the business to flourish, a loan will need to be granted to *Customer Service, Inc.* Below are the starting needs for the business, as well as a loan request breakdown.

Home office needs:

- Desktop computer operating on the Windows OS platform
- Laptop operating on the Windows OS platform
- Two 20" flat screen monitors
- B/W Laser high-performance duplex printer
- Color Laser Duplex All-in-one (Print, copy, scan, fax) printer

- Scheduling software
- Adobe Creative Suite 6 (Master Collection) or higher
- Microsoft Office Professional Edition 2013
- Inspiration 9 (Concept Map Software)
- Mobile phone for business related communications
- Hotspot data
- Business cards
- Ink, copy paper, envelopes, and card stock paper
- Website host & server platform
- Learning Management System
- Foreign Language Software

Loan request:

- | | |
|---|----------|
| • Technology | \$ 15000 |
| • Office supplies | \$ 3500 |
| • Mobile Communication device (Cellular plan/hotspot) | \$ 2000 |
| • Legal representation | \$ 3500 |
| • Insurance | \$ 5000 |
| • Advertising and promotion | \$ 3500 |
| • Marketing consultant | \$ 2000 |
| • Accountant | \$ 2500 |

Total funds requested: **\$ 35200**

- | | |
|--|------------|
| • <i>Initial investment by sole proprietor</i> | (\$ 10000) |
|--|------------|

Final total: **\$ 25200**

Loan Amount: \$ 45200

Loan Calculator: ([Http://www.mlcalc.com/](http://www.mlcalc.com/))

Loan amount - \$ 45,200

Loan date – 01/01/2014

First payment date – 02/01/2014

Interest rate – 10.0%

Monthly payment - \$ 2,085.75

Number of payments - 24

Total of 24 payments - \$ 50,058.02

Payoff date – February 2016

Based on the information in the loan calculator, to repay the loan of \$45,200 (amount requested, plus the initial investment by the sole proprietor) in a two year period (making a monthly payment of \$2,085.75), charging an average of \$190 per participant, I would need to train at least eleven participants per month. This figure does not include utility bills and other necessary expenses.

<i>Customer Service, Inc. 3 year Income Statement Projection</i>	YR.1	YR.2	YR.3
BANK LOAN	117,000	0	0
SALES			
Average Revenue/Client	190	209	229.9
Number Clients/Day	7	10	12
Expected number of Sessions	175	201	231
Total consultation revenue	232,750	420,090	637,283
EXPENSES			
<i>COGS (Cost of Goods Sold)</i>			
Office Supplies	5500	6600	7920
Facilities	6000	9600	18000
Property Insurance + Utilities	3000	4000	5000
Total COGS	14500	20200	30920
<i>Training Team and Operations</i>			
Trainer	0	50,000	50,000
Trainer	0	0	50,000
LMS	35,000	35,000	35,000
Software	9000	0	0
Total Training	44000	85000	135000
<i>S & M (Sales and Marketing)</i>			
Advertising and Promotion	90,000	112,500.00	140,625.00
Marketing Consultant	25,000	0	0
VP Marketing	0	65,000	71,500
Website & Server	60	60	60

Total S & M	115000	112500	140625
<i>G & A (General and Administrative)</i>			
Lawyer	1500	1500	1500
Accountant	2500	2500	2500
Total G & A	4000	4000	4000
Total Operating Expense (EBITDA)	177,500	221,700	310,545
Revenue-Operating Expenses	55,250	198,390	326,738
Principal + Interest payment on loan	45303.12	45303.12	45303.12
Net Profit	9,947	153,087	281,435