



## World-Class, Lean Performance Tutorials and Case Studies - Tutorial 08 Deploying Lean Principles is imperative in the Service Industry! "Traditional" Organisations waste resources and dissatisfy customers: the TNM Case

I spend about 6 months a year in South Africa, based in Cape Town, while the rest of the time I am in Europe (and roaming around).

For years I have been on a Mobile Telephony "contract" with a local Service Provider - let's call them TNM (all names in this story are fictitious for obvious reasons). The drawback of a contract is that you pay your monthly fee even if you don't use your cell phone. That was exactly my case. From a quick calculation I concluded, already 2 years ago, that cancelling the contract and opting for a "pay-as-you-go" (or "prepaid") solution would save me more than 50% of my yearly bill.

When I asked TNM about switching over from a contract basis to a pay-as-you-go basis, I was told that it was not possible. The only possible way was to cancel the contract and start a prepaid scheme afresh (but with a new SIM Card and, as such, with a new phone number).

That was no good: I wanted to keep my cell phone number, the same for the past 10 years - changing number would have been not practical at all.

Fortunately, in South Africa (and I believe also in several other Countries) there is the magic law called "portability". According to this law, one can "port" an existing cell phone number to another Mobile Telephony Service Provider: a new SIM Card is issued - the number stays the same - but one now uses another network and is now billed by another service provider.

Magic! That was my solution!

So, I'll cut a long story short and give you the facts of my story.

### The facts.

**Year 2007.** I ask TNM when my contract (a 2-year contract, renewable) will expire. A Mrs Rox gives me the answer: "*the 4th of December 2008*".

No problem, I can wait.

"*And what do I need to do to close my contract?*" Very simple: "*Just write a Cancellation Request at any TNM branch one month before the end of the contract*".

**October 2008.** I start my "porting" operation. First of all I must choose another Service Provider. The choice is for Dovocam (let's call them Dovocam....). I get all the necessary information from their branch in Hout Bay, where a gentleman by the name of Don very kindly explains to me the tactics and timing of the operation. All clear.

**05 November 2008.** I sign the Request for Cancellation of Contract at TNM branch in Picchiani Square. A gentleman by the name of Roland assists me very kindly. I sign the form, he countersigns it, I get a copy as proof of cancellation - simple. I state again my intention to keep my present cell phone number, by "porting" it to other service provider. Roland says there is no problem: it's up to the new service provider to do the necessary for the porting (as confirmed also by Don of Dovocam).

I ask Roland if I need to block the bank debit order through which I pay my monthly bills to TNM. Roland states it's not necessary: after Contract expiry date, TNM will issue a final bill and that will be the end of the story.

I also ask Roland on how get a refund of my Roaming Deposit (in order to use a cell phone out of the Country in which the Service Provider is based, one needs to put in a "Roaming" deposit).

Roland makes a couple of phone calls, then he tells me that the deposit will be refunded with the next bill.

Very well. So, all done and set on TNM side.

### 9 November 2008.

I receive a call from TNM: "*...may we ask you for what reason are you cancelling a contract?*". I explain: "*I am not staying long enough in South Africa to justify its cost*".

OK, understood.

During this call, I express again my wish to port my number to other service provider.

No problem at all. All agreed and confirmed. And I get a Ref. N. for this call: xxxxxxxxxx.

**Mid November 2008.**

I organise the technicalities of porting my number from TNM to Dovocam at Dovocam Hout bay Branch, with Don - excellent assistance, a few technical glitches are sorted out, and all is fine in the end. The agreement is that "switch-over" date will be 01 December 2008.

**26 November 2008.**

I call TNM help desk - accounts dept. - to check the position with my roaming credit. I speak to Landy. Landy confirms that the roaming credit is already showing in my account and would appear in the next statement.

She also confirms that on the 11.12.2008 TNM would issue my final bill.

I query again if I have to block my bank debit order: she says "*...not necessary - if any credit will show in your last statement, this will automatically be deposited into your bank account*".

I also query if my portability request is in order. Landy says it will be fine, but it's up to me to organise porting with other service provider.

In any case, Landy confirms my contract cancellation request is received and confirmed. Ref. N. YYYYYYYY.

**01 December 2008, early afternoon.**

My TNM SIM card shows "no network". As per Don's instructions, I immediately activate my Dovocam SIM. No problem at all, switch-over is immediate. I am on another network!

**TNM Statement 11 December 2008.**

It shows my roaming credit. So the statement final balance is in credit (money due to me).

**Early January 2009.**

There are still no TNM funds deposited into my bank account. Strange.

I call TNM Picchiani branch to find out how to get my credit deposited into my account: they say "*...it should be automatic*".

I say: "*...well, it appears it is not automatic at all - I should have my credit reflecting by now - and I wish to close this story - could you give me TNM fax number so I can send by fax my request for credit?*"

Answer: "*No, TNM do not have a fax number - rather send them an e-mail*"

**10 January 2009.**

I send the following e-mail to the official TNM e-mail address (the one that appears in all their bills, newsletters, etc.)

**Subject: Credit balance - Account N. XXXXXXXX**  
**ATT: BILLING/FINANCIAL DEPT.**

**Good Day,**

**The above account has been closed.**

**The last statement (11/12/2008) reflects a credit balance of xxxxx.**

**Will you kindly deposit this amount into my bank account (the same to which you were debiting the monthly debit order).**

**This request was already made by phone on the 26.11.08 to Landy. The refer. number was #YYYYYYYY**

**Thanks, regards**

**Carlo Scodanibbio Tel: 021 - kkkkkkkkk Mob: 083 - jjjjjjjjjj**

**10 January 2009.**

I receive an "automated" e-mail from TNM (Webmaster)

**Subject: Re: Credit balance - Account N. XXXXXXXX [#1289126]**

**Hi,**

**At TNM Service Provider, we are constantly looking at means to improve our service delivery.**

**With e-mail correspondence on the increase, it is essential to ensure that we increase our performance through this medium.**

**Due to the recent increase in the demand of utilizing this medium for correspondence, it has become essential for us to implement upgrades on our current infrastructure.**

**We therefore ask you to please be patient during the implementation phase as we are improving our systems to provide a better service to you, our valued client. We value you as a customer and will respond to your query within the shortest timeframes possible. Please do not reply to this e-mail as it is an automated response which is not monitored.**

**Kind Regards,**

**Customer Services  
TNM Service Provider**

I wait for a few more days. No e-mail, no credit in the bank. So I call again TNM Picchiani branch. Usual story, TNM do not have a fax number. They suggest: "...fill a complaint form in TNM web site".

So, I fill a form in TNM Web Site.

**Subject: Customer Complaint**

**Full story repeated again.**

**22 January 2009.** I receive another "automated" e-mail from TNM (Webmaster)

**Subject: Complaint [#1341514]**

**Same content as Webmaster e-mail above.**

**+ -25 January 2009.**

I receive TNM Statement dated 11.01.2009  
The usual monthly charges are debited (as if my contract was still active).  
Now my credit balance is reduced to almost 0.

I am a bit furious, I am afraid I could loose my temper, so I send my wife to Picchiani branch with the full story.

The result, after several phone calls between Picchiani personnel and TNM head office: **"The contract cancellation request was never received by TNM".**

The officer at TNM Picchiani branch suggests to my wife that I should to go to TNM "mini Head Office" in CW and talk to someone there.

At this stage I analyse the situation. I made a contract cancellation request via Roland of Picchiani branch. Apparently the cancellation never went through or went through only partially (it worked out well from a "technical" point of view, but it did not work at all from the "administrative" and "contractual" side).

So the "big-bang" is with Roland! I must find Roland.

After several searches, I find him in another TNM branch. He listens to my story. I give him a chronological résumé of the entire issue as an attachment to an e-mail. He promises me he will start from scratch and do it all over again. He also promises he will keep me informed.

After a few days Roland calls me: "...there is a glitch somewhere.... ....I am sending e-mail over and over again.... ....'they' are attending to it... you know, the 'system' works in this way.... ....in a few days' time it should be sorted out...".

Weeks pass by. Nothing happens. No credit, no news from Roland.

**+ - 25 February 2009.**

I receive a new statement from TNM. Usual monthly debit. Now there is no credit due to me - to the contrary, I owe TNM money!

I am rather annoyed, to say the least. It's time to get into gear Carlo's style. So:

# First of all I go to my bank, to block the famous monthly debit order from TNM. Chaos! They explain to me they "will try", but no guarantee it will work - I must talk to TNM and have the debit order removed from their side.

I loose my temper: *"You are my bank. If I tell you not to pay whoever for whatever reason, you simply don't pay! If you pay, you are responsible for it. And if you pay in spite of my instruction, I guess I will have no choice but to close my account with you and open it elsewhere...."*. Reluctantly, they take my blocking instruction.

# Then I phone TNM "mini-head-office" in CW (what a struggle to find their telephone number....) and ask to talk to the manager. Impossible: *"...this is a 'walk-in' centre, you cannot talk to the manager over the phone...."*

# So, jump on the car and drive there. Queue for a while, listening to all sorts of customers' problems and complaints. Eventually, all I can obtain is to talk to Zaleen (*"....the manager does not deal with this kind of problems, you must see one of our 'consultants'...."*).

I explain the full story to Zaleen, as calmly as I can. Zaleen does not seem very impressed - I guess she hears lots of "stories" of all sorts....

Zaleen states she knows exactly what to do, but she cannot do it immediately because the "system" is down.... However she will take urgent actions and, *"in 4-5 working days maximum, the matter will be solved"*. She also gives me her e-mail address (unbelievable!) and guarantees she will be in touch.

### **01 March 2009.**

Last TNM statement amount is punctually debited to my bank account. I am overseas for a mission, so there isn't much I can do.

However, I suppose the blocking instruction I gave to my bank will somehow work.

### **2 March 2009.**

I receive 2 automated e-mail from TNM "webmaster", identical, each one following up the previous, respective, automated reply. Here they are:

**Dear Valued Customer**

**Thank you for submitting your request through the TNM website.**

**We sincerely apologise for the delayed response and inconvenience caused.**

**Due to system challenges and an increase of customer's adapting to this medium of communication we have been experiencing a high volume of queries that has impacted our response time.**

**Your query has been closed due to above technicalities, should your query still be unresolved please resubmit by using any of the below customer contact points.**

**We will take necessary action to ensure that your query is handled in the shortest and efficient manner.**

**Thank you for using the TNM website.**

I better not make any comment on the above - pathetic.....

### **9 March 2009.**

# I return to South Africa, and go immediately to my bank. After a couple of screams and yells, I get my bank to "reverse" the latest TNM debit to my account. Besides, I find eventually the right person who gives me his undertaking that he will personally monitor my account every month, for the next 7 months (I will be going soon to Europe), and take care of rejecting any further TNM bills.

# I send an e-mail to Roland (Picchiani branch) and Zaleen (mini-head-office CW). Here it is:

**Subject: Problems with TNM contract cancellation**

**Dear Zaleen and Roland,**

**9 March 2009. Over 3 months after my TNM contract should have been cancelled. It has not.**

**I have received another TNM Bill and my bank account has been debited on the 1st of March.**

**Roland, you have initiated and organised my cancellation: failed. Full stop.  
All your subsequent attempts to sort out this matter have produced no results. Full stop.  
That's why I went to TNM CW mini-head-office.**

**Zaleen, when I saw you (25 February) you stated you would solve this matter in a few days (3-4 working days) and you knew exactly what to do. To date: no results.**

**My comments: overall, this is an unacceptable and un-professional behaviour from what I considered a reputable Mobile Telephony Provider.  
TNM does not have a fax number.  
TNM does not answers e-mail.  
Calling TNM and getting reference numbers is totally useless.  
TNM web site does not work and does not acknowledge enquiries or customers complaints.  
TNM people make promises but nothing happens.**

**Please note I am going overseas very soon, and I want to go with full peace of mind.  
I suggest you Roland and Zaleen agree on who should do what to solve this problem and solve it once and forever.**

**I also suggest you jump on your phone and give a strong shake to whoever at TNM Head Office is not doing his job.**

**Because definitely in TNM Ministry something does not work at all.**

**I am sure both of you have done your best, but your best was not enough in this case.**

**I demand this cancellation story be sorted out as a matter of urgency, definitely by the end of this week. I am not prepared to wait any longer.**

**Glad to receive your comments,**

**Regards**

**Carlo Scodanibbio**

Both Zaleen and Roland "read" my e-mail (return receipt) - no one answers it.

I decide I must find a fax number. TNM must have a fax number. No one knows it or can give it or is willing to give it to me. It's not under "contact" in their web site. And yet they must have a fax number. Eventually, browsing through my web site, I get the inspiration.

In South Africa there is a law, the Promotion of Access to Information Act 2/2000 (PAIA), by which all companies, enterprises, etc. and whoever is "in business" must disclose "publicly" relevant address details and contact information. If a company has a web site, such information must be displayed in their web site - reference to the PAIA Act must be made.

I have a PAIA statement in my web site. TNM must have one.

So search and dig, dig and search, eventually in TNM web site I find the magic word PAIA. Good!

There is registered Head Office address and a Fax number!

**12 March 2009.**

I send a strong fax to TNM, att. Heads: Customer Service/Billing/Administration/Operations.

I repeat (again!) the entire story, with all details, dates, etc.

My final comments are as follows:

**Will you please note:**

**# I consider my TNM Contract cancelled as from 04.12.2008, as I have proof of cancellation in my hands signed by a duly authorised TNM Official.**

**# Therefore no monies is due by myself to TNM as from the Contract expiry date 04.12.2008.**

**# There is a credit due to me by TNM which I expect to receive immediately.**

**# I also expect to receive immediately an acknowledgement of this Fax/Registered Letter and TNM written confirmation of Contract Cancellation.**

**# I believe that also a letter of apologies from TNM would be well suited under the extremely poor performance circumstances.**

I send a copy of the fax above also by registered mail.

Nothing happens.

**16 March 2009.**

I do my last (possible) move. I remember that in 2007, when I asked about the expiry date of my contract, I received prompt and clear answers from a Mrs Rox. I dig in my computer and there is her e-mail of 2007, with contract expiry date and reference number. So I decide to get in touch also with Mrs Rox by e-mail.

Mrs Rox answers straight away, she still remembers me. She says she is expecting a baby and today is her last day at work. However, she copies her/my e-mail to M/s Shelly, with promise she will take care of my case.

**Now things happen one after the other.**

M/s Shelly keeps me posted with copies of her correspondence with someone in TNM who seems to be doing his job fast and correctly.

In a few days I receive confirmation that my contract is now cancelled, with an official reference number. I also receive confirmation that the due credit to my bank account will be effected within 7 days at the latest.

I can't believe it! We are close to a conclusion!

**18 March 2009.**

Cherry on the cake, I receive also an e-mail from some senior TNM Officer, a Mr Zirocky, Office of the Group Executive (!).

This is the content:

**Good morning Mr Scodanibbio,**

**Thank you for raising your complaint with TNM Service Provider. Please allow me to offer sincere apologies for the troubles you have endured in getting this matter resolved.**

**I can confirm that the line on this account has been deactivated, based on Port ID # XXXXXXXXXXXXXXXX.**

**A credit and refund has been passed to your bank account yesterday on our books for amount YYYYYYY. It should be in your account within 48hours.**

**Please don't hesitate to contact me should you have any further queries.**

**Many thanks,**

UNREAL!

I even got some apologies!

I think I must reply to this e-mail. Which I do as follows:

**Dear Mr Zirocky,**

**Thanks for your e-mail.**

**Thanks as well for your apologies - deserved, I believe, after the painful struggle to get this matter sorted out.**

**The credit of XXXXXXXX now reflects in my account.**

**I would like to comment a bit further on this issue - all my comments are expressed from the customer's point of view and perspective.**

The comments I expressed to Mr Zirocky are better illustrated in the conclusion below.

So, this is the TNM story.

Impressed? Intrigued? Bored?

All reactions are possible in a silly case like this. Surely, it's a mad story.

My wife keeps saying that I am like a "magnet": I attract into my life bad experiences and bad performances.

I disagree. I also happen to attract very good performances - unfortunately they are the exception.

I believe the truth is that in this world of ours not many things are functioning properly and effectively. Being a "lean" fanatic, I definitely am a very acute observer and interpreter of surrounding phenomena when they develop in a non-lean fashion, like in this case.

I could fill this web site with dozens of similar, non-lean stories - all happened to me. But I prefer to be selective and report only the most significant cases. Why is this case so significant? Please read my comments and conclusions below.

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### **Final Comments and Conclusions**

Including those expressed to Mr Zirocky:

- I don't know who or what finally triggered the mechanism that ended an over-3-months-long contract-cancellation issue: it could have been my fax 12 March - or CW mini-head-office initiatives - or Roland initiatives - or M/s Shelly initiatives - or a combination. But this is not important and I do not even want to know what went wrong in the first instance and how it got right eventually. What must be pointed out is that - out of all my contacts with direct and indirect TNM officers or representatives - only 2 persons have actually taken seriously my complaint, acted about, and followed it up in an effective way. The 2 persons are Mrs Rox and M/s Shelly, to whom my praise and thanks go. All the others have, at one stage or another, covered them up behind a wall, referring at all times to "they", "them", or "the system" as a reason for no-achievement - or have anyhow disappeared, ignored e-mail, ignored telephone calls, etc. To my opinion, these behaviours do not show at all a good standard of service and customer care.
- I have been struck by the fact that TNM Service Provider appear to be *"impossible to contact"*:
  - I have asked several times for TNM fax no. in order to send a fax with my story and my complaint. Answers (many answers) were *"TNM do not have a fax number - you have to phone - you have to send an e-mail - you must fill a web site form - you have to go to the 'walk-in' centre...."*. Eventually, by searching considerably, I discovered TNM Fax number under "PAIA".
  - When I asked, once, for the name of some senior TNM Customer Care Manager or Officer, I have been told that no name can be given, *"you have to call the help desk"* (15 minutes of menu selection and music and promo messages.....)
  - I have sent 2 e-mail and I have filled a web site form. Result? Robotica, automated e-mail from TNM Webmaster to each of my e-mail and form-query - and after a few weeks, another lot of automated e-mail from Webmaster, with the pathetic *"your query has been closed due to technicalities - if still unresolved please contact TNM again"!!*
  - Impossible to get e-mail address or cell phone number of TNM officers - impossible to know who the manager in CW mini-head-office is - impossible to talk with the manager over the phone, because *"this is a walk-in service centre - you have to come"*.

- I could make another 10 examples.....  
Is this "service"? Is this "customer care"? Is this a "customer-oriented structure"?  
Or is there, rather, a thick barrier between TNM and customers so that customers can only phone "help-desk call centre" (pathetic service) or walk-in in a service centre without bothering anyone else?
- From the customer's perspective the conclusion is that: ***TNM employees are terrorised by the possibility of going out of set channels, set procedures and set rules - the customer is seen as a pain in the neck rather than as a human being needing help, assistance or service - the customer MUST obey and adhere to TNM rules and procedures that do not cater for exceptions.***
- How much did this story **cost** the customer AND TNM? In terms of efforts, phone calls, faxes, customer time and TNM employees' time? Not to mention customer expenses (including hours of phone calls, faxes and cost of blocking debit order at the bank) frustration and hyper-cholesterol? A fortune!  
Why? Because the so-called "**system**" (TNM system) is not "lean.  
When processes like or similar to this (contract cancellation) do not function nor produce the wanted results in a very reasonable period of time, it is because those processes are conceived in a non-lean fashion: instead, being "traditionally-structured processes", they are **bureaucratic**, filled with **rules** and **procedures, fragmented** (handled by too many different people in different processing areas), no-one being fully empowered to take charge and full responsibility for the process and its output.  
This is an explosive cocktail: it is sufficient that one "fragment" of the process goes wrong for whatever reason (technical error, un-adhered rule or procedure, human error, etc.) and the entire process goes berserk. Exactly like in this case.
- Once and if there is a failure, the "**Service Recovery Process**" (SRP: full and immediate rectification of the failure) should take place with undivided attention to the customer and his or her problem.  
However, there is one chance and one only for the SRP to be effective and worthwhile. If that chance is lost, no (or very poor) effectiveness will be achieved, even if things are eventually rectified. Because it's too late!  
In this case, there was no SRP - to the contrary, every attempt to rectify things not only did not produce any result (until the very end), BUT, most probably (this is what I strongly suspect) it aggravated things even more!!  
By **Murphy's Laws**, *if anything has a chance to go wrong, it surely will. And if there is a possibility of several things going wrong, the one that will cause the most damage will be the one to go wrong. And if anything just cannot go wrong, it will anyway* (so: rules and procedures are useless.....).  
Murphy was very present and active in this case....  
Obviously, Murphy has double and triple chances to strike in a non-lean system. This case proves it in full.  
In conclusion, in this case, **double failure**: failure in the first instance and inexistent Service Recovery, aggravated by a number of subsequent and possibly contributing additional failures.
- Consequences?  
Enormous **waste** from the SP side (how many TNM officers have spent time to rectify this issue, and how many man-hours have gone down the drain? No-one will ever know)
- Which, as a rule, always reflects onto the customer in terms of **poor service** or no service, aggravations, etc. etc.  
The two phenomena (waste and poor service) are always strictly interlinked and go hand-in-hand: the one causes the other and the other aggravates the one, until it becomes a vicious circle - it's a rule.  
The astonishing conclusion is that TNM spends money to maintain and enforce a "system" that not only does not satisfy customers - to the contrary, it makes them crazy, fussy and even furious!  
This is not at all a "lean" system.

- The above comments have been clearly expressed to Mr Zirocky with 2 aims:
  - 1) (hopefully) to make TNM think and think a bit more about the overall "style" of providing a Mobile Telephony service.  
There is something very wrong, to my opinion, in that style: no wonder TNM "service centres" are full of people cueing and eventually arguing about any possible problem (I have been there often - I happen to be an acute observer, when it comes to non-lean practices - I can "see")
  - 2) and also (hopefully) to help other TNM customers in future: if I can spare even only a few of them the same negative experience and aggravations I went through, I believe my comments have served some purpose.

Mr Zirocky acknowledged my last e-mail to him, the one with all my comments above.  
His answer was:

**Thank you for your mail.**

**Many thanks,**

Is this case really closed and finalised once and forever?

I don't know, I hope so.....

Apart from a couple of e-mail, a couple of Ref. Ns. and a credit showing in my bank account, I don't have a "final bill" reconciling the financial side nor a paper letter stating my contract is actually cancelled.

Is it actually cancelled and buried deep in the ground?

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