

Customer Service at American Express: A Relationship, Not a Transaction

In 2005, Jim Bush, executive vice president of the U.S. Service Delivery Network for American Express (AXP), was facing a serious challenge. Bush was concerned that AXP was focusing too much on cost and, as a consequence, service quality was eroding. To remain competitive, the company—which boasted a 155-year heritage of dedication to customer service—had been working to reduce labor costs since the beginning of the decade by shortening time spent on the phone with customers, encouraging self-service, and leveraging low-cost markets through outsourcing. There was also a perception among AXP's merchant partners that AXP was charging a significantly higher fee compared to other credit cards such as Visa or MasterCard. As the company continued to cut costs and raise fees, customers no longer saw a distinct service advantage in AXP. The challenge faced by Bush was to bring back the service edge of AXP while at the same time holding costs down.

In October 2009 Bush was promoted to executive vice president of World Service. A 24-year company veteran, Bush had begun his career with the company as a manager in its Fort Lauderdale, Florida, service center, and moved on to serve in a wide range of roles at AXP, from consumer card marketing head to president of the firm's Asia businesses. After taking on the World Service top job, he wondered: Was the company taking on cost reductions at the expense of service? Was it losing sight of the power of its people? After all, AXP prided itself on the relationships it fostered with customers. Were these cost-cutting strategies hindering the company's ability to deliver on its vision "to become the world's most respected service brand?"

He knew that AXP's service organization was a critical framework for delivering the company's brand promise, but he saw a need to shift senior management's focus on cost-cutting to more actively pursuing its service vision. Bush explained:

I reinforced to the organization that we have to establish a common sense of purpose. We codified this in a mission statement for the organization at large. ... to move away from thinking of this [servicing customers] as a cost of doing business to thinking it's an investment in the relationship with the customer. It was a fundamental shift in mindset. ... There is a cost for good quality, but there's also a [higher] cost for poor quality.¹

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