

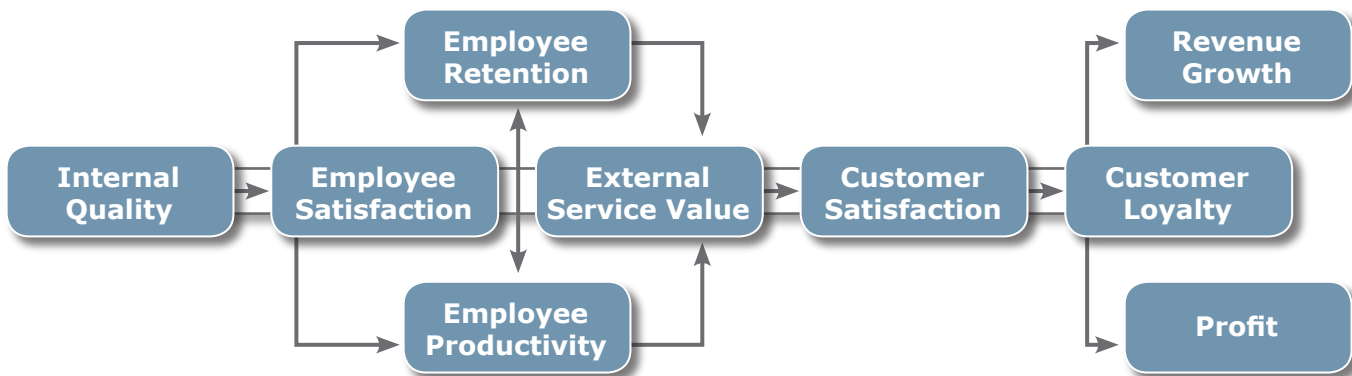
# The Service-Profit Chain

A framework for managing and measuring profitability in a service economy.

The Service-Profit Chain illustrates the interrelationship between employee satisfaction, customer satisfaction, customer loyalty and ultimately, profitability. The model provides a framework for applying 'hard values' to 'soft measures' and informs long-term strategic investment decisions.

**Service-Profit Chain fundamentals:**

- Customer loyalty drives profitability and growth
- Customer satisfaction drives customer loyalty
- Value drives customer satisfaction
- Employee productivity drives value
- Employee loyalty drives productivity
- Employee satisfaction drives loyalty
- Internal quality drives employee satisfaction



Source: Harvard Business Review April 1994

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