THE GREAT CUSTOMER EXPERIENCE SCAM AND HOW TO FIX IT

BY RICK CONLOW
rick conlow international

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Employee
engagement
is not a survey or
an action plan,
it’s *ownership.*

// RICK CONLOW

WELCOME!

Customer experience research shows that companies can add significant dollars to their bottom-line by improving. If you are responsible and accountable for your company's customer experience and loyalty, this eBook will help you.

My firm has partnered with companies to achieve 48 quality service awards for superior service and gain significant bottom-line progress. If you want these kinds of results, we would like to talk with you. Call us: **1-612-868-8521** or email me at: **CONTACT RCI.**

The best of success to you.

RICK CONLOW

CEO & Founder // Rick Conlow International

CUSTOMER ENGAGEMENT CREATES BETTER BUSINESS RESULTS

Harvard Business Review

The Service Profit Chain shows a 1.3% increase in customer satisfaction equals a .5% increase in revenue growth.

TARP Research

Demonstrates that customers are over 4 times more likely to repurchase if you satisfactorily handle a complaint.

Bain & Company

A twelve-point improvement in the net promoter score doubles the company's growth rate.

ASCI Study

ASCI leading companies outperformed the Dow by 93%, the Fortune 500 by 201% and the NASDAQ by 335%

Profit Impact Market Strategy Database

Compared to the competition, best-in-service companies charge 9% more, have a 12% ROI compared to 1% ROI, average 5% market share growth to -2% growth and achieve more than double the sales growth.

Our Clients

Companies with the highest customer survey ratings gained 10-20% sales growth plus led their markets in profits.

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Chapter ONE

THE DEATH OF CUSTOMER SERVICE

Customer service passed away quietly last night. It succumbed to a long illness. The wake is at the next quarterly meeting, and the funeral will follow shortly. Each year companies worldwide struggle for sales growth and profit, yet a conservative estimate of their loss from poor customer service comes in at a staggering $1.6 Trillion a year.

Customer service has been ailing for some time now. Excellent customer service is seriously lacking in most places we spend our money. Think about it - can you recall a recent experience where customer service was really bad? Yes, you can. Think of other places you have spent your hard-earned paycheck: grocery store, bank, restaurant, a fast-food chain, a department store, a gas station, an airline, an online merchant, and the list could go on. How many of these had poor to average service? Probably most of them. How many really stood out and had outstanding service? Very likely, it was only a few.

Here are four reasons customer service silently passed away.

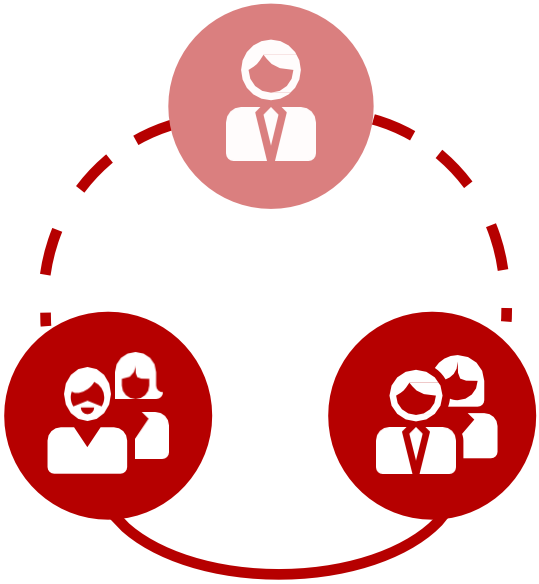
LACK OF CIVILITY

Research by Rasmussen Re-ports say that nearly 80% of adults believe that people have poorer manners than 20-30 years ago. There tends to be more road rage, swearing in public, poor examples by public personalities, and violence on TV. Dress codes have collapsed, and people don't seem to care about their public appearance. The general perception by most adults is that people are less civil than in days past. An article in the Minneapolis Sunday paper in the magazine section talked about the decline in manners and the accompanying picture on the cover showed a bunch of pigs. Overall, people tend to be ruder today in their relationships with others and are simply harder to deal with. Social media has accelerated this trend. It is easy to see how this translates into a lack of needed customer service skills for their jobs.

EMPLOYEE'S AR E COMMODITIES

Research by Gallup, Aon Hewitt, and others show that worldwide employee disengagement at nearly 90%. Simply put, this means that they tend to have little or no

loyalty to their company. This is actually not surprising considering that companies lay off employees in huge numbers during tough times, give lower pay increases, reduce benefits, or take them away entirely. Many companies treat employees as commodities, not as valuable partners. Most employees don't get the training and support they need to deliver superior customer service. Company leaders have little loyalty to their employees, and in return employees have little loyalty to them and their customers. The research consensus demonstrates the connection between employee loyalty and customer loyalty, but most leaders aren't paying attention. With so many disenfranchised employees, is it any wonder that customer service suffers?



The research consensus demonstrates the connection between employee loyalty and customer loyalty, but most leaders aren't paying attention. With so many disenfranchised employees, is it any wonder that customer service suffers?

THE PUBLIC: NUMB BUT NOT DUMB

While customers vote with their pocketbooks, customers have become accustomed to poor service. Few companies stand out. Mediocre service is rampant. Customers don't necessarily demand more. Walmart is a classic example. It consistently receives poor ratings in service in all their business segments but are one of the biggest companies in the world. (In the beginning under Sam Walton, they customers rated them much better.
See the ACSI ratings.) Harry Beckwith, who wrote Selling the Invisible, declared *"Service in this country (US) is so bad that you can offer above-average service and still stink."*

MORE TECHNOLOGY

Technology brings many business benefits and will continue to do so. However, it enables one major customer service disadvantage, and that is the loss of personal interaction.

Automated and internet services tend to decrease customer service. Service technology loses the human touch- the empathy and compassion that is vital to creating loyal custom- er relationships. With more technology, customers become numbers not people. With the analytics of business intelligence, customers are less valued and have become like prey to the hawk. You hunt for customers. You do not support or care for them. Much of the new technology really is a cost saving ploy. Companies promote it as a tool to give better service. A real goal involves reducing body count on the company payroll.

Maybe the real issue is that too many business leaders don't value delivering better service; and don't buy into the bottom-line benefits. So, most organizations do just enough to get by. The American Customer Satis- faction Institute (ACSI) at the Ross Business School at the University of Michigan rates some hundreds of companies across 34 industries on a monthly basis. The Internet industry has a 65 average which is awful. The average rating for all companies equals 77.0, which is a C average. This means only two of ten companies have a significant level of highly satisfied customers. Those few companies with excellent ratings discover that excellent service is really their leading product that drives everything else.

COMPANY LEADERS BEWARE!

CONSUMER DISCONTENT IS A SLEEPING GIANT. IT WILL ONLY TAKE SO MUCH, AND ITS WRATH CAN GO VIRAL TODAY IN MINUTES.

The Customers 2020 report says the customer experience is more important than price and product as the key brand differentiator in the future. Those organizations that adapt will survive and thrive. Company leaders beware! Consumer discontent is a sleeping giant. It will only take so much, and its wrath can go viral today in minutes. As more companies begin to fail painfully, they must resurrect customer service as it becomes more important than ever. It will only happen if company leaders decide to put their customer service effort into life support, and to invest heavily in bringing it back to health.

Chapter TWO

THE GREAT CUSTOMER EXPERIENCE SCAM

Nearly everybody says they are in favor of good customer service. It's desirable like apple pie, family, and free expression, all rolled into one. After all, it's the right thing to do, isn't it? Could you imagine a company saying, *"We don't believe in customer service"* and *"We are no worse than anyone else."*

You would think customer service should be better, with all of the surveys sent and all of the new technology. Plus, there was a quality service revolution in the last three decades. Companies spend billions of dollars.

Right? Wrong!

- ✓ The number of people reporting customer problems went up from ***32% in 2000, to 45% a few years later, and to 50% currently.***
- ✓ *The customer experience* for the top 100 retailers has dropped.
- ✓ The American Customer Satisfaction Index was 74.2 in 1994. *Today it is ,as stated earlier,* ***77.0***. ***This is slight improvement over thirty-one years considering the investments.***

In any one company there may be excellent improvements. Many customer experience professionals are working hard to get better, and they are trying. Unfortunately, they are not progressing in the perception of customers. Some experts say customers are smarter today, and their expectations are higher. At the same time research shows that they want it all--best price, best service, and best products. Yet they don't expect to get it, so they are less loyal to brands.

> *"Integrity is the most important leadership characteristic.*
>
> *Without it, all else is shallow or a ruse."*
>
> // RICK CONLOW

Here are three corporate scams that make it difficult for any company to impress their customers. I know the word ***"scam"*** is harsh, but many companies need a wake-up call. I also know that just about any company can make dramatic strides in their efforts and results with a few strategic changes. It would be good for employees, customers, and the company.

THE FIRST SCAM

Let's face it, most companies really aren't committed to improving much, let alone being the best. You and I both know that as customers. The airlines are perfect examples, except for Southwest or JetBlue. Collectively the industry has cut services and add- ed all kinds of fees and hoops to doing business with them. Do you think that since they are making nice profits now, they will add more services? They, like other organizations:

- ✓ Create conflicting priorities: A big six accounting firm convinced a large multinational company to invest millions in Just In Time Inventory. As a result, they cut customer experience initiatives but started losing customers. So, their board decided to merge with a larger competitor.
- ✓ Focus on short-term profits: The bottom line seems always to trump making quality service gains, especially in public companies. Leave a customer angry to make a "buck" now. A CEO I encountered typified this. His #1 question of employees is, *"How much money have you made me today?"*
- ✓ Establish corporate silos that inhibit collaboration: A large B2B company had four regions, and each did things their own way. They talked about great service and being "top dog." But they wouldn't cooperate because they were too competitive to align their thinking to make needed changes.
- ✓ Block adequate resources: A service company's CEO set a goal to be a customer experience leader but never budgeted the resources to do it. His customer loyalty suffered, and he had high employee turnover.

- ✓ Do a *Wall Street dance* to look good: A $35B retailer has said for a decade in its annual report that improved customer service is a top three priority. Their ratings are next to last in the industry studies.

Early in my career, I worked for a corporation that owned six companies and where the President was 100% committed service excellence. I was VP of Customer Satisfaction and Training. He said, "If the numbers go up, you have a job. If they go down, you are out of here." Yet, he gave me the support I needed. We were the worst in the beginning and ended up the best and won numerous awards. Without his support it wouldn't have worked. Sometimes you need a push to back you up when confronted with organizational obstacles, difficult managers, competitive pressures, and budget challenges.

THE SECOND SCAM

Recently at an international conference for a large CX survey company, the most popular discussion during breakout sessions dealt with: ***we have the data but can't change the results or improve. What do we do?*** Many of these companies had the capability to drill down in the numbers to the Nth degree, but none of the information moved the needle or brought customers back. While data is important it doesn't drive the customers' experience people do.

Most large companies spend big bucks to keep surveying customers to get more information and customer intelligence. Yet, most companies do not apply it religiously and nothing changes for the customer. It's all a smoke screen. One client we came across has been surveying customers for seven years. No progress. We asked for an action plan to review. They had none. If you don't use feedback to improve, why collect it and report it?

Customers are now receiving surveys from nearly everyone. Surveys have become an irritating negative influence. Many places, like the restaurant I was at last night, ask you to fill out their questionnaire. With a smile the server added, *"We want you completely satisfied."* Some companies solicit perfect ratings. What value does feedback have if it's flawed? Why not seek honest feedback and make a legitimate effort to improve?

I say survey less, save the wasted money to help improve processes and invest in people more. Survey quarterly, make positive changes and consistently implement them. Then, survey again.

THE THIRD SCAM

Data turns into plans--well, maybe. Plans today often include new CRM tools or other social interaction technology to interface mobile customers. Inevitably companies must implement these plans and resources train employees to use them. The problem is who is an afterthought? The employees! The frontline employee is the most neglected and is the butt of the biggest scam. These companies want employees to deliver the best service but confronted employees with these obstacles:

- ✓ Ambiguous priorities and expectations
- ✓ Inadequate training or coaching
- ✓ Lack of support
- ✓ Antiquated systems or tools
- ✓ Little or no recognition
- ✓ Poor communication
- ✓ Lowest pay

Seldom are other employees--marketing, accounting, sales, distribution, IT-- included in the customer experience process. As if it's the sole job of customer service reps to satisfy all customers. This is the end result of executive leadership's lack of engagement and commitment. Is it any wonder that employee disengagement is **85%** worldwide?

For a company to reach the full potential of its customer experience, it must include all divisions and departments. Every area impacts the external or internal customer. If accounting gets the invoices wrong, no amount of smiling will make up for it. If you can't fulfill product orders on time, your customers will be unhappy no matter how many times you apologize. If the website is not user friendly, it doesn't matter how good the products are.

Too many companies have a narrow view of just what the customer experience is all about. The '*future starting today'* requires **"corporate cohesion"** of all customer touchpoints in order to achieve an exemplary customer satisfaction and loyalty. Finally, superior customer experience demands excellent employee engagement.

There are three levels of customer experience that we all encounter.

Superior

These are the best of the best: Apple, Amazon, Disney, Zappos, Nordstrom, Virgin Atlantic, Costco, Starbucks and Wegmans. They more than satisfy the customer by innovating and doing what their competitors only talk about. They have one other ingredient. Delighting customers and excellent quality are part of their culture; they don't need a program. It begins with valuing employees and who pays the bills. Everyone is involved in training. They complete and execute actions plans based on customer Feedback reports. The CX professionals have the ear of top management. Customer service heroes receive recognition and rewards. Various teams work on key issues. The companies tie added compensation to results. Exemplary CX is how they do business, it's not an added workload.

Adequate

Most companies land here. [See the American Customer Satisfaction Index's monthly reports.] They do just enough to get by. They say they deliver "good" service. This is another name for average or mediocre. This is the most devious level.

Adequate companies hold annual conferences and extol the importance of the customer experience. They may even have a Chief Customer Officer. In addition, they do customer service training once in a while.

Expedient

Companies at this level don't care. They are rip-off artists. There was a car dealer that used this approach in the Twin Cities of Minnesota. His shenanigans eventually caught up with him, and he's in jail. Bernie Madoff fit**s** this category, too.

Great customer experience requires continual innovation through leadership engagement, which accelerates employee engagement, which results in customer engagement. Most companies and leaders don't buy it. The *proof is in the pudding* and in their results. ***They are really defrauding themselves.*** J.D. Power & Associates declares ***"Delivering extraordinary customer experiences is becoming increasingly important. We know from the data that customers will pay for it."***

Chapter THREE

10 REASONS COMPANIES FAIL TO IMPROVE THEIR CUSTOMERS' EXPERIENCE

Every year, the top five priority for companies involve improving their customers' experience and loyalty. Unfortunately, most fail. For ex- ample, read the American Customer Satisfaction Index results or the Consumer Reports ratings. Considering the potential payoff for improvement, it doesn't make sense as you review this research.

- ✓ According to the Harvard Business Review's Employee-Customer-Profit Chain, a 1.3% improvement in customer satisfaction scores resulted in a revenue increase of.5%.
- ✓ The Profit Impact of Market Strategy's database found that companies who lead in service have 12 times the profitability and 9% greater growth than poor service providers.
- ✓ Bain & Co. found that a 12-point increase in the net-promoter score doubles a company's growth rate.
- ✓ A report by the American Customer Satisfac- tion Index proved that the leading companies consistently outperformed the market. Customer service leaders outperformed the Dow by 93%, the Fortune 500 by 20% and the NASDAQ by 335%.

Why do so many companies fail to take advantage of the obvious bottom-line impact on improving service? Here are ten reasons companies fail.

1 IGNORANCE IS BLISS

Recently, a company executive proudly shared with me that they survey customers twice a year. (What if this company only looked at sales or profit numbers that of- ten?) The company leaders always talked about service but made no serious changes and kept experiencing the same issues with customers and competition.

2 VISION WITHOUT VITALITY

One company President said, "We don't want to be the biggest company, only the best service provider." The President gave a five-minute speech everywhere he went; however, no plan or action ever followed. The company floundered.

3 THE PANACEA APPROACH

One CEO decided to use a *Just in Time* production strategy because it worked for his friend's company. He did it exactly the same way but failed. As a result, he had to lay off a lot of people, and within two years lost his job.

4 FRONTLINE FANATICS

A major airline responded to customer complaints by notifying customers of their new ***"Customer First"*** initiative for employees. In reality, employees weren't partners, they were scapegoats. The airline's service never got better. It eventually went bankrupt and merged with a larger competitor.
(According to service gurus, 85-95% of service problems are management related not employee related.)

5 DO IT ALL AND HAVE IT ALL

One leader happily reviewed with his team three flipchart pages full of customer service improvement initiatives. Not surprisingly, it overwhelmed employees and the business stalled. They had no focus and ended up with negative sales results.

6 I AM A ROCK – I AM AN ISLAND

A $27 billion company I know has tried to improve service for a decade. However, customers rated them near the bottom of their industry. They refused outside help or assistance. They have settled for dismal service, low stock prices, poor profits, and meager growth. Their strategic goals outline a commitment to the customer, but they don't really mean it.

7 DRIVE BY TRAINING

Many leaders send their employees to an online course or to a class to get "fixed." I can't tell you how many times executives have asked me for that kind of training. They never tried to upgrade organizational design, systems, processes, or cross-departmental collaboration. Even though training is a vital pit stop on the way to success, it's not a one-stop solution.

8 THE SECRET IS TECHNOLOGY

One retail organization spent millions to improve customer retention through expensive new technology primarily because a big six accounting firm told them to do it. It didn't help. Their sales growth continued to spiral downward. Investment and support of their people was an afterthought. Now, they are merging with a larger corporation to survive.

9 THE TOOL-CHEST DILEMMA

One company executive told me that they have consultants for everything. Take your pick from TQM, Six Sigma, The Goal, ISO, Kaizen, and numerous other approaches to get better. (You have heard the phrase, *"program of the month."*) They executed and poorly sustained their multiple efforts. Employees were drowning in meetings, data, paperwork, and confusion. Guess how well they give service to customers?

10 THE PERILS OF POOR EXECUTION

How often have you been in a company that implemented a grand strategy (Or a new customer experience plan.), but failed to achieve the desired result because of poor execution? The promises of change become false exhortations, which of course demonstrates a lack of integrity. The trust within and around the organization dies.

Companies need to get back to the basics of focusing on understanding customer needs and wants and valuing their employees. Businessperson Ross Perot once said, ***"Spend a lot of time talking to customers face to face. You'd be amazed how many companies don't listen to their customers."*** And, Doug Conant, former CEO of Campbell Soup added, ***"To win in the marketplace you must first win in the workplace."***

Chapter FOUR

THE SECRET SAUCE TO A SUPERIOR CUSTOMER EXPERIENCE

"Define a leader's success by her team's success."

// RICK CONLOW //

One part of my business is that I travel a lot. I see the worst of what companies actually do to their customers. The poor experiences seem to overwhelm the best. Have you noticed?

Just recently I was going from Minneapolis to NYC. The jet was late, and the attendants were crabby. When I got to my hotel, the clerk was annoyed that I was late and acted more tired than I was. Chalk one up for mediocre service. Maybe you take the corporate jet and this isn't a concern. But I am sure that you buy "stuff" with your money at a variety of places, and it doesn't take long to experience service breakdowns, does it?

We all quickly experience…

- ✓ discourteous employees
- ✓ unresponsiveness zombie-like employees
- ✓ customer service reps that can't make a decision to help a customer
- ✓ excessive delays on the phone
- ✓ unknowledgeable employees
- ✓ lack of complaint resolution
- ✓ dinosaur service policies that don't help
- ✓ confusing service options
- ✓ false promises

The list could go on, but let's not get depressed. Sometimes I wonder what these organizations are thinking. Did they plan for their employees to do a poor job? Do they just not know what to do? Do they care? Are they stupid?!

I receive the American Customer Satisfaction Indexes (ACSI) monthly reports. I noticed that the average customer satisfaction rating is 73.6. I mentioned this before. This is about a "C" grade at best. I wouldn't give the two companies mentioned above that I interacted with that high a rating. It's too bad that so many companies have poor service or, at best, average service. Research shows us that the top service companies have higher sales growth and profits over time. Check out the PIMS Database, US Office of Consumer Affairs, Forrester, Bain and ACSI data that I have shared earlier. Intuitively, we all know it is common sense. Companies with impressive service have higher customer loyalty and financial success. **Superior service pays!**

Instead of working to improve, it seems like everyone keeps surveying customers for increased feedback, but little actually changes. *Companies need to stop spending millions of dollars on customer surveys for data not applied. Therefore, there is no investment in creating customer-driven teams.* It is obvious that few companies do this. Why not survey and measure less, and spend significantly more time listening to, training, coaching, recognizing, communicating with, planning with, supporting, innovating with and helping your employee teams? What if company managers did all of this like they were supervising Olympic athletes? In our technology driven society this next sentence may be a radical thought. **Become people focused, not system focused.** Imagine if we made employees the heroes of the business? I think they would serve customers in grand style, don't you? *This is the "secret sauce" to success that so many companies have discounted or forgotten.*

P.S. Jeff Bezos of Amazon says, *"If you do build a great experience, customers tell each other about that. Word of mouth is very powerful."* Walt Disney added, *"Do what you do so well that they will want to see it again and bring their friends."* I just had to share these words of wisdom with you. For the good of the economy, and your success, I hope you or your organization consider the secret sauce to a superior customer experience. Your career and your company's survival may depend on it.

Chapter FIVE

10 KEYS TO EMPLOYEE ENGAGEMENT

Tired of uninspired employees? Want the secret sauce to employee engagement? Do you want to improve your customer experience?

Only 15% of employees are engaged worldwide according to studies. ***This is a disaster.*** This result creates lower sales, productivity, customer service and morale. It costs companies billions of lost revenue and profit. This negatively impacts management careers, but it doesn't have to happen to you. Besides, employees deserve much better and it's not hard to turn it around, really. ***If you have the "heart" for it.*** Employee engagement is not a survey or action plan; it's a partnership.

Few companies seem to take employee engagement seriously:

- ✓ During leadership training which included 30 leaders from a retail organization, I found that none of them had written plans for their teams,
- ✓ In a manufacturing company I came across, the company delivered no management or sales training in five years,
- ✓ A high-tech company that contracted with me thought coaching was a term meant only for sports teams.

All of this means little communication with employees about goals or expectations, minimal involvement or buy-in about how to achieve goals, employees sliding into comfort zones, shoddy teamwork, and no accountability to accelerate results. In other words, it was *"same old, same old"* every day. Talk about a boring environment for everyone. That's why employee engagement suffers in so many companies. Too many managers lack the know-how and the ***will*** to truly partner with employees.

TEN KEYS TO EMPLOYEE ENGAGEMENT ARE:

1. Set goals and plans with employees. Include them in developing team and individual goals. You create buy-in and commitment if you do it right.
2. Do regular training. The best companies do 60-70 hours per employee per year. Enhance your team's competence and they will perform better and like it.
3. Communicate, communicate and communicate. The three times are for emphasis. Do this on a personal level by improving your listening skills. Do this on a team level by conducting effective meetings. Do this on a one-on-one level by learning to connect with each person. You will create a more open and credible working environment.
4. Coach like a superstar. Elite athletes and entertainers have coaches. Why don't we coach our employees more? (See this, **The Power of High Performance Coaching.**) Every needs coaching to achieve his or her best.
5. Manage with flexibility. The adage, "*my way or the highway"* is a dinosaur attitude. Most managers have one way of leading. Be different and ask yourself, what does my employee need from me to succeed? Then provide it.
6. Splurge on recognition. A recent company I worked with had many fine tools for employee recognition. However, few managers used them. Recognition becomes an afterthought and not part of the relationship repertoire. Famed UCLA basketball coach John Wooden won 10 NCAA championships in twelve seasons. A study found he was 99% positive in his leadership approach. I say, praise your team to victory.
7. Apply promotions and incentives to enhance teamwork. Yes, set goals. Then make it fun with added awards or competitions. So many companies are too serious: "**He who**

enters here will never smile again." One company I worked with today is doing a goal challenge for the month with achievement resulting in a celebration lunch. Another company I engaged in last week is providing a day off with pay for each person that accomplishes the goal. Even if you don't have a budget, you can get creative with activities to energize your team.

8. Cultivate a process improvement approach. Every department in a company serves an internal or external customer. Keep improving by facilitating your team's involvement to do it. I have found most employees want to win this way.
9. Hire the best people. You have to be involved in the selection process. Learn to do behavioral interviews, and check references. Start each employee off with a 90 Day Success Plan.
10. Lead ethically. Kouzes and Posner who wrote the book, The Leadership Challenge, found that over 80% of managers want leaders who are honest. So do employees. The first nine keys to employee engagement involve leadership strategy and behaviors. This trait involves a person's values, and it unites all of the keys discussed. In leadership, honesty and integrity builds trust.

Leadership derailment studies show that 82% of managers fail in most of the areas above. A lack of expertise negatively impacts employee engagement and your customer service and loyalty. Change by becoming a student of the game, keep learning and over time you will:

- ✓ Improve employee morale, and teamwork,
- ✓ Motivate, if not inspire, your team,
- ✓ Achieve higher team productivity,
- ✓ Increase your customer experience.

Here's the bottom-line for you as a manager, ***"if you want your team to be better, you must become a better leader.***

Chapter SIX

5 CULTURAL HABITS OF CUSTOMER-FOCUSED COMPANIES

In the quest to improve the customer experience and customer loyalty, it is helpful to consider the "cultural habits" of successful service organizations, such as: Disney, Apple, Southwest Airlines, Costco, Wegmans, Nordstrom, Amazon and others. Their cultural habits are not merely lip service; it's how they do business.

CULTURAL HABIT #1:

Delivering a great customer experience is a way of doing business – it's not just a program.

- ✓ Amazon says on its Investor Relation's page: *We seek to be Earth's most customer-centric company for four primary customer sets: consumers, sellers, enterprises, and content creators.* Amazon put a stake in the ground by announcing a goal to be the world's most customer-centered company.
- ✓ Wegmans' motto is: Every day, you get our best. Wegmans makes grocery shopping a true experience rather than offering the same drudgery of a chore that most consumers expect at the grocery store. Its reputation goes well beyond its market area. Wegmans has reported that it received nearly 5,000 letters and emails in a year from consumers in 46 states who urged the chain to open a store in their area.

- ✓ Southwest Airlines began at Love Field in Dallas. They became the "love airline" with the flashy flight attendants and the most entertaining flight experience. The President Emeritus, Colleen Barrett, has a favorite saying about Southwest Airlines: *"We are a Customer Ser- vice Company; we just happen to fly airplanes."*
- ✓ Apple's sales per square foot are higher than Tiffany and Co.'s. Employees are supposed to focus on helping customers, not selling products. A quote from the training manual demonstrates this commitment: *"Your job is to understand all of your customers' needs—some of which they may not even realize they have."*
- ✓ Disney cast members learn an important truth: *"The guest isn't always right but let them be wrong with dignity."* A secret to Disney's success is their guest-centered approach. Their philosophy is not just lip service – it actually guides behavior. Disney cast members consider what they do to be a helping profession and a *noble calling.*

THE TAKE HOME//

Companies who lead in customer service don't legislate it with policies and procedures – they live it. Employees routinely go the extra mile, and the company shares their stories throughout the organization. The shared stories about these efforts become the standards to live by, deliver, and surpass. Are they perfect? No, but employees want to do well because the leaders lead the way. Other companies have programs that are "flavor of the month," changing without reason or inspiration.

CULTURAL HABIT #2:

Employee satisfaction and loyalty lead to customer satisfaction and loyalty.

- ✓ Employees at Nordstrom's know well their golden rule, *"Use good judgment in all situations."* Top service companies trust employees and they back it up with extensive support.
- ✓ Amazon's approach is to hire the world's brightest minds and to create an environment where they can invent and innovate their customer experience.
- ✓ A reporter asked Gary Kelly, President of Southwest, "What is the secret of Southwest's success?" He answered with a simple statement, *"Our secret weapon is our people."* Southwest puts all prospective employees through a rigorous hiring process. New employees learn nine loyalty principles, some of which include: find the kid in everyone, do more with less, do what is right, and nurture the corporate family. At Southwest, employees are at the top of the priority pyramid. For this reason, Southwest focuses on bringing out the best in their employees. Southwest Airline believe that by doing this, employees will, in turn, spend their time trying to ensure the passengers, the second most important group on the pyramid, deliver great customer service.
- ✓ Employees at Disney are "cast members," not employees. Disney says it does not hire people; they're "cast for a role." A strong Disney principle is that cast members should treat each other as they would a guest. The Disney formula for success is: **"A quality guest experience + a quality cast experience + quality business practices = the future."**
- ✓ Apple trains Genius Bar employees to say, "As it turns out" instead of "unfortunately," in order to place a more positive spin on any bad news. If a customer mispronounces a product name or something else, employees learn to help without correcting the customer.

THE TAKE HOME// Instead of starting with the customer, these organization start by investing in and empowering employees. While other companies claim customer service is their top priority, their actions too often illustrate that shareholders, and short-term performance really takes precedence. Inevitably, their quality and service suffer because they lack alignment with goals, behavior, and culture. Yet, they still don't seem to understand why they are faltering.

CULTURAL HABIT #3:

Ongoing learning and development integrate into the fabric of the organization.

- ✓ Wegmans has an extensive employee-training program, and it's consistently listed as one of *Fortune's Magazine's* most admired companies. Colleen Wegman, the President, says, *"The reason we have grown slowly is that we want to make sure our people are fully prepared and trained to deliver our model of incredible service."*

- ✓ Apple's meticulous *"attention to detail"* permeates the hiring process. Prospective employees generally participate in several rounds of competitive interviews, which assess various skills and attitudes. Once hired, employees receive extensive training in customer service, sales, and product knowledge.

- ✓ Walt Disney established Disney University after opening Disneyland to use a structured learning environment to teach the unique skills required of Disney cast members. It was the first corporate university and remains one of the largest training facilities in the world. Numerous classes and dozens of online courses provide a plethora of learning opportunities to employees and managers alike. Surprisingly, Disney University does not offer specific quality courses. They build quality and service into all the training programs taught by Disney. In addition, Disney delivers courses to hundreds of other companies.

THE TAKE HOME// Tom Peters once said that in the best organizations, *"Everyone has a chance to learn, improve, and build up their skills."* That is true in customer-focused companies and not in others.

CULTURAL HABIT #4:

Research the customer experience, measure it, and then apply the data.

- ✓ On the desk of Pete Nordstrom, the company's President of Merchandising, sits a stack of letters from customers and employees, each telling a story about a memorable experience they had with Nordstrom. Few company executives can say the same.

- ✓ For years, Wegmans has used customer relationship management tools to gain insight into the customers' wants, needs, and behaviors, so that employees can deliver better service.

- ✓ Apple doesn't have strict sales quotas in place for employees. It does have metrics like "attachment rates," the frequency with which staff members are able to provide customers with additional products like AppleCare. Those who fall short of the goals receive more sales training, which is really about helping customers with stated or perceived needs.

THE TAKE HOME//
Compare these strategies to one $20 billion retailer who spends a few million dollars each year on customer surveys and mystery shops but has failed to improve. The company continues to lag in its industry in customer ratings, stock price, and profits. Client-driven companies measure service and sales, sometimes in unusual ways, and then share it and relentlessly apply it achieve better results.

CULTURAL HABIT #5:

The company expects continuous improvement by all, and the speed of gain is second to none.

- ✓ The culture of Amazon promotes openness among all employees, which they believe inspires innovation. Their executive management supports this principle, which sets the example that employees then follow. Through this process, Amazon patented the one-click ordering technology, allowing customers to use previous payment information with a simple click. This makes shopping easier for customers because they need less thought and effort. Jeff Bezos at Amazon also developed the notion of the "two-pizza team," which suggests that you can't feed one team with two pizzas because that's too much food. In a business application, this limits the task force to 5-7 people, depending on each person's appetite. This keeps the focus on innovating and executing the things that matter to customers.

- ✓ Disney's strong belief in "attention to detail" is what sets them apart from other organizations. Disney says it has to ***"sweat the small stuff."*** Disney pioneered the concept of exceeding people's expectations.

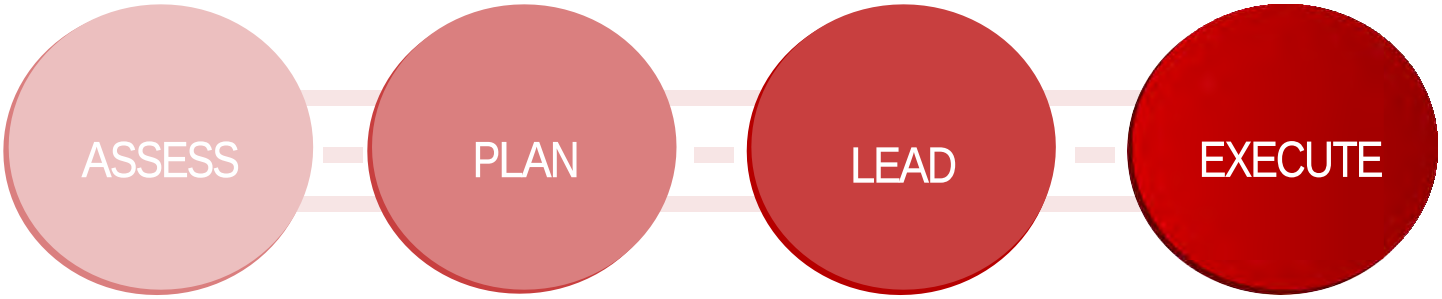
- ✓ Apple's Genius Bar is an in-store tech support station. It's not a help desk or customer service center. The idea illustrates out-of-the-box thinking by recognizing employee potential and customer priority.

CALL TO ACTION// Each of the above companies have cultures that ensure they have a sense of urgency to innovate and improve, so that they continue building customer loyalty. Because employees have freedom to act, they are able to deliver creative solutions at pivotal moments for each customer, which enhances each company's reputation and service delivery capability.

Many companies desire to deliver better service. Some try and a few improve. But most are unwilling to make the necessary changes because they lack the commitment and more importantly, the ethics. Most say they want a superior service reputation, but they are unwilling to do the work it takes to earn it. However, any company that consistently strives to improve by aligning with these five cultural habits will make a huge difference with their employees, customers, and bottom-line.

Chapter SEVEN

A LEADER'S ROADMAP TO ACHIEVE GREAT SERVICE



Every manager is responsible for an organization's customer service and loyalty. *If you aren't serving the customer directly you are serving someone who is.*

Nearly all executives have increasing customer loyalty as a top five priority. Pro-active managers will have a game plan on how to help their company improve, wouldn't you agree? Most don't. If you do, and excel, others will notice. So where do you start?

ASSESS THE SITUATION

Over the next week, engage your team with two perspectives: short-term and long-term. Short-term you need to be involved with your team and available to them. Your role is unlike a sports coach who is on the sidelines. Business is too fast paced and competitive to be off the field. You are more like the quarterback who calls the plays and is engaged in the actual game. You have to ask yourself, who is hustling today? Who needs to pick up the pace? What can we do better now?

At the same time, you need to think strategically. What are our major obstacles? What do we need to improve as a team that will make the biggest difference, impacting results on the *future*-skills, processes, and tools?

Few managers think like this (And, you don't have to be an executive to do this). They wait for the company to give them direction, and they are reactive and always a step behind. Yes, clarify your expectations with your manager, but never wait for *your* boss to tell you about these things. If your manager comes to you, it's too late, you are usually in trouble.

PLAN FOR IMPROVEMENT

Next, you need a short-term operating game plan (monthly to quarterly), and a long-term plan for improvement (six months to a year). Include your team in your planning sessions. You will receive helpful input and more commitment. Each plan should be in writing, so everyone knows the expectations and goals.

An effective operating plan will involve goals and actions steps for: scheduling, policies, procedures, training, meetings, handling customers, and keeping your team upbeat and positive. Keep it real and to the point-2 or 3 pages.

A longer-term plan focuses on projects that will raise your team's game and performance down the road but will require analysis and changes. Include your team members to help you with various projects. For a sales team this might be gathering needed customer intelligence. For a service team this could be reorganizing the workflow to better serve the customer. For an IT team this could prevent security breaches. Give every team member a chance to grow and expand his or her comfort zone.

LEAD EFFECTIVELY

Every day you must ***walk the talk*** related to taking care of the customer. If you don't your team won't. Coach your team informally and formally as well. Informally means short employee interactions on the phone, virtual mtg., text, email, or in person. You praise them for improved or excellent behavior, or you redirect them when they need to improve or do better. This needs to be on-going, highly engaging, and positive to be helpful. Formal coaching involves one-on-one sessions with each employee.

Lead by example by being engaged with your team in a positive and supportive manner. If you are in retail, get on the show floor with your employees. If you are in IT, get out of the office and see what's really happening on key projects. If you are in sales go into the field and see customers with your reps.

EXECUTE BRILLIANTLY

Execution of your strategy separates the winners and losers. 70% of efforts to change and improve in the workplace fail according to change master John Kotter. You have to follow-through on your plans, commitments, and expectations. Execute and begin the roadmap again.

A client manager contacted me and said, *"I am under the gun. Results are slipping. I have detailed reports to do every day. Too many meetings and a top priority corporate project from my boss. I don't have time for my team."* I replied, *"Then you don't have time to be a manager."* He didn't like my comment, but as we talked, he understood. We met, put a schedule together. Shortly thereafter, we co-facilitated a team meeting. We engaged them with various activities, upgraded their plan, and I gave a pep talk at the end. Everybody was upbeat and jazzed. Within the week sales and service results improved.

Your #1 priority has to be your employees. If they don't do a good job, the internal or external customers' experiences will be mediocre or poor. This is a reflection on you. Treat employees like champions, and they will treat your customers as their prized possessions.

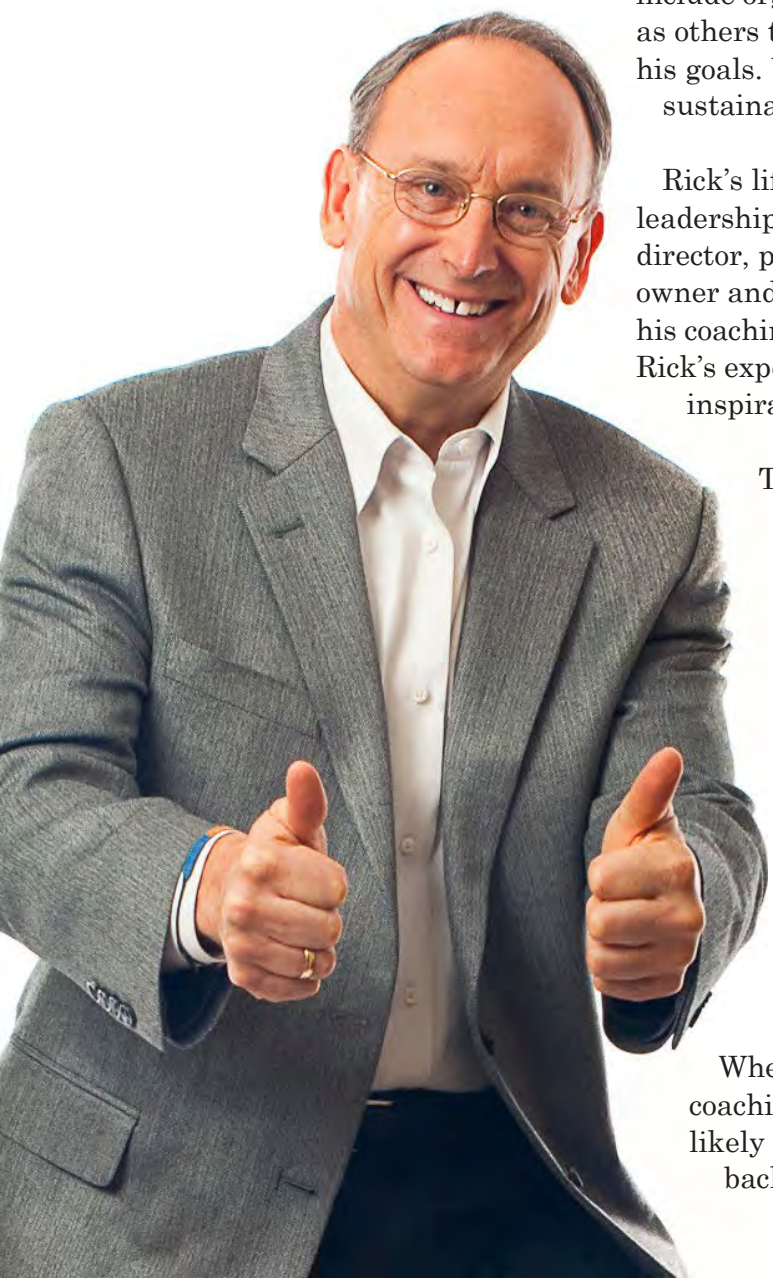
In addition, ***schedule*** time to work on your action steps for continuous improvement. You are busy enough that if you don't there will always be something else to do. The tyranny of the urgent takes over. Finally, communicate upward to your boss about plans, wins, and challenges. Do this regularly, be forthright and ask for input as needed.

Regardless of the company, it can achieve a superior *"customer experience"* one team or department at a time. Remember, *the best business strategy of all involves building customer loyalty, which is the lifeblood of any organization. May the best of success be yours!*

ABOUT THE AUTHOR

RICK CONLOW

CEO & Founder



There aren't many who'd argue the fact that Rick is one enthusiastic and results oriented guy. Even the titles of his books, articles, speeches and initiatives reflect his drive and positive energy.

A quick glance at his professional resume leaves you with the strong impression that effort and optimism are a winning combination. Case in point: with Rick by their side, clients have achieved double- and triple-digit improvement in their sales performance, quality, customer loyalty, and service results over the past 20-plus years and earned more than forty quality and service awards.

In a day and age where optimism and going the extra mile can sound trite, Rick has made them a differentiator. His clients include organizations that are leaders in their industries, as well as others that are less recognizable. Regardless, their goals are his goals. While many consultants talk about consistency and sustainable results, Rick helps his clients achieve them.

Rick's life view and extensive background in sales and leadership – as a general manager, vice president, training director, program director, national sales trainer, business owner and management consultant – are the foundation of his coaching, training and consulting services. Participants in Rick's experiential, live action programs walk away with Aha's, inspiration and skills they can immediately use.

These programs include "BEST Selling!", "Superstar Customer Service", "Excellence in Management!", "Superstar Selling!", "The Greatest Secrets of all Time!", The State of the Art in Improving the Customer Experience, and "Superstar Leadership, Good Boss/ Bad Boss – Which One Are You?"

Rick has also authored *Excellence in Management*, *Excellence in Supervision*, *Superstar Customer Service*, *Superstar Selling*, *Designing a Superstar Customer Experience*, and his latest book, *The 5 Dynamics of Servant Leadership*. He and his business partner, Doug Watsabaugh, published six new books together. Their newest book together is *Superstar Leadership Model: Good Boss, Bad Boss Which One are YOU?*

When he's not engaging an audience or engrossed in a coaching discussion, this proud husband and father is most likely astride a weight bench, or a motorcycle taking on the back roads and highways of any state.

RICK'S EXPERIENCE

CLIENTS INCLUDE:

AND MANY MORE INCLUDING A NUMBER OF NON-PROFIT ORGANIZATIONS AND EDUCATIONAL INSTITUTIONS

OUR SUCCESS

⇧8%
Positive gains in retail sales growth.

⇧75%
Gains in sales to existing customers.

⇧95% NPS

⇧5-7%
Gains in transaction counts.

⇧53%
Improvement in sales.

⇧ 50-84% eNPS

⇩57%
Reduction in customer complaints.

48
Quality and customer service awards.

⇩4X
Reduction in employee turnover.

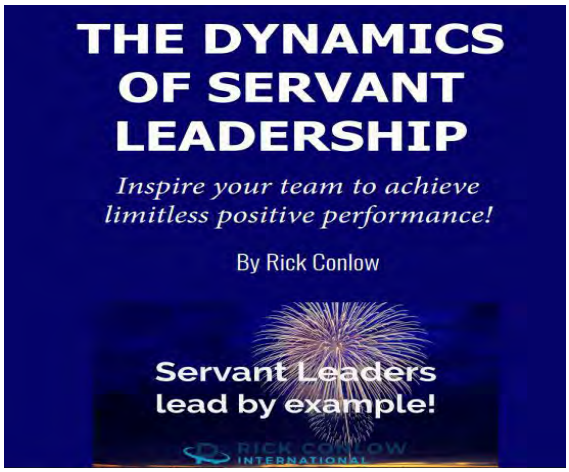
FORD'S PRESIDENT'S AWARD

JD POWER AWARD

CANADA'S CONSUMER CHOICE AWARD

Check out our RCI resources!

Click the pictures for details.



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