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Reasons Companies Fail to Improve Their Customers' Experience and Improve Their Bottom-line Results

by rick conlow | rick conlow international

Every year, one of the top priorities for most companies is to improve their customers' experience. Unfortunately, most fail. Establishing a reputation, as the supreme deliverer of excellent customer service, is an organization's dream. Rightfully so, considering the payoffs speak for themselves:

- According to Harvard Business Review's Employee Customer Profit Chain, a 1.3% improvement in customer satisfaction scores results in a revenue increase of .5%.
- The Profit Impact of Market Strategy's data-base 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 Satisfaction 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 NAS-DAQ by 335%.

Why do so many companies fail to take advantage of the obvious bottom-line impact for improving service?

1. Ignorance is Bliss

Recently, a company shared with us that they survey their customers twice a year. What if you only looked at sales or profit numbers that often? The company would probably go bankrupt! If you don't measure the customers' experience regularly, you can't manage it. The best you can be is mediocre. Many companies don't have a systematic approach to measuring service effectiveness and it's costing them business every day.

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 learned how an executive he knew improved his company's service using a certain method. He did it exactly the same way and failed. That's like a doctor giving the same treatment plan and prescription to every patient with a problem. To be effective, you need a process that is customized for the specifics of your company.

4. Frontline Fanatics

A major airline responded to customer complaints by notifying customers of their "Customer First" initiative for employees. The airline went bankrupt and eventually was merged with a larger competitor. According to service gurus, 85-95% of service problems are management related. Service excellence begins and ends with leadership effectiveness.

5. Do It All and Have It All

With the help of three flipchart pages, one leader happily explained to his team that they had major service change initiatives to implement. Unfortunately, employees were overwhelmed and business stalled. People can only handle so much. You have to focus your efforts and priorities.

6. I am a Rock - I am an Island

A $25 billion company we know has tried to improve service for a decade. They have achieved no gains and

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have settled for low stock prices, profits and growth. Unless a company begins at startup with a zealous customer focus, there is practically no possibility for improvement without a consulting partner because the company already has internal blind spots, a full plate and too many competing priorities.

7. Drive by Training

Training is not the answer – it's only part of the solution. Many leaders send their employees to a class to get "fixed." You also have to work on organizational design, systems, processes and cross-departmental collaboration. Even though training is a vital pit stop on the way to success, it's not the one-stop solution.

8. The Secret is Technology

Too many companies figure that technology is the key to better service. The truth is – it can help, but it isn't the answer. First of all, in today's age, you need innovative technology to be in the game.
One organization spent millions to improve customer retention through technology: unfortunately, their sales growth continued to spiral downward. Second, it's people that make or break the transformation that can happen in customer experience, rather than technology. Too often, people are an afterthought. Great service is an inside-out process that begins with employee satisfaction and loyalty.

9. The Tool-Chest Dilemma

Take your pick from TQM, Six Sigma, GOALS, ISO, Kaizen and numerous other approaches to get better. Too often, these efforts cannot be executed because employees are drowning in meetings and paperwork.

Experience suggests that the best approach is first a thoughtful and honest analysis of the customers' needs. And second, a passionate and relentless drive to give customers what they need. This is a science and an art, which must be done with integrity and simplicity.

10. The Perils of Poor Execution

How often have you implemented a company strategy but failed to achieve the desired result because of poor execution? Poor execution is deadly when attempting to improve the customer experience because it shows a lack of commitment from leaders to invest their time and resources. The promises become false exhortations, which of course demonstrate a lack of integrity. The trust within and around the organization dies. Now, there is an even bigger problem.

According to the numerous research reports mentioned above, great customer service positively affects the bottom-line. The American Customer Satisfaction Index states that the national average for "CSI" is 75.6. At best, that's a C rating. Why are so many companies mediocre, at best, at customer service? Allegedly, a Nordstrom representative said, "It's not that we are so good, it's just that service everywhere is so bad." Harry Beckwith, author of What Clients Love, says, "Service stinks everywhere."

Often the reasons for failure are nothing but excuses. Companies have a hard time changing because the egos of the leaders interfere with the process; all too often, leaders are more unwilling to change than their teams. Why? They lack a caring attitude, they don't know what to do or how to change, or they don't believe in the pay-off.

More enlightened leaders understand the business impact of superb service. So, they create a culture of empowerment, open communication, coaching, training, recognition, rewards and innovation. Most of the time, they gain a consulting partner to help them. All of this leads to outstanding quality service. Be willing to change and improve to reap the benefits for your organization; if nothing else, do it for its survival.

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