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*Equipping, Enabling, and Encouraging Marketplace Leaders*

## To Serve or Not To Serve, That is the Question

Several years ago I joined 18 other company employees for dinner following an all-day meeting at a restaurant famous for their desserts in Marina Del Rey, California. We were seated at a long, narrow table, nine on a side. The restaurant assigned one waitress to our party, along with other tables in her section. I ordered a Caesar salad to split with another member of the group. When everyone else received their soup or salad I asked where our Caesar salad was. The waitress realized she had given our salad to someone at the other end of the table. She refused to correct her error by bringing a new salad for us. When it came time for the main course everyone at the table was served except two of us. It took nearly 45 minutes before our entrées arrived. Mine was cold, probably because it had been sitting under a heat lamp for the better part of an hour. Before I was finished with dinner another waitress walking behind me lost her balance and dumped the entire contents of a 64-oz. pitcher of iced tea down my back. I had to *ask* for a towel to dry myself off. After apologizing, our waitress offered to pay the dry cleaning bill for my shirt and slacks. Considering the \$1,000 spent for dinner I thought the offer of \$3.00 worth of dry cleaning was a little weak. The final blow came when it was time for dessert. The waitress completely ignored four of us at one end of the table, never took our dessert order, and did not even offer to rush us out a dessert order when we brought it to her attention. I left more than a little dissatisfied.

I quickly fired off a letter to the restaurant manager listing my complaints. I figured they will never improve if someone doesn't let them know when they have failed. After waiting a month for a reply I called the company, asked for the name of the president, and fired off a letter to him. Three days later the manager called me and after discussing the situation, offered to buy my wife and I dinner as compensation. He said he would write me a letter authorizing the dinner so that if



we came while he was not working we would be taken care of. I am still waiting for that letter. Needless to say I have not gone back to that restaurant or any of the chain's other units!

On another occasion, my wife Barbara, a friend, and I went to a very nice hotel for dessert and coffee following a social event. The service was interminably slow and we decided to leave rather than try to get a second cup of coffee. I tried to get the waitress's attention to pay the bill, she saw me but ignored me so we left money at the table, no tip, and walked out. Outside at the valet stand were four young men enthusiastically counting their tips and talking about how much money they had made. I patiently waited for them to finish counting but it was cold and my friend who saw my car across the hotel driveway decided to take matters into his own hands. He walked over to my car, got inside and began honking the horn furiously. Even this failed to get the attention of the four valets so I just grabbed my car keys from their stand and left. I don't think they even noticed what had happened.

Again I wrote a letter expressing my dissatisfaction to the hotel manager. When no reply came in a month I fired off a letter to the president of the company. Three days later I received a phone call from the president himself. He offered profound apologies and assured me that not answering a complaint was very out of character for this hotel manager. The manager called within a week, explaining that he had been on vacation for two weeks. An associate had gotten my letter in his absence, and had forgotten to respond to my complaint. To my surprise the manager offered me dinner for two, and sent me a letter authorizing the dinner. When the card arrived it was good for \$100.00 at the best restaurant in the hotel.

Barbara and I did go to dinner there and we had an absolutely delightful time. The food was excellent, the service was attentive, and there was no wait to get my car at the valet stand. I wrote the hotel manager a letter telling him how pleased I was after my recent visit, and have since told dozens of people how good this restaurant is.

I could tell you dozens of stories of the good and poor service I have received over the years but you probably have your own.

As any small business person knows, word of mouth advertising often makes the difference between profits and loss. A statistic common in the food-service industry is that a happy customer will tell two others, but an unhappy customer will tell ten. What's worse is that most unhappy customers will say "fine" when asked how their meal was because most of the time the cashier taking your money doesn't even look you in the eye when he asks the question. He was trained to ask the question, but he really doesn't care what the answer is. Customers sense this lack of sincerity and respond accordingly.



Let's face it, customer service is no longer the art form it once was. Mass production, mass marketing, and mass merchandisers have spawned an attitude that says, "Here it is, take it or leave it."

## Customer Satisfaction Reborn

Business is beginning to recognize the importance of a return to true customer service. Karl Albrecht's book, *Service America*, published in 1985, launched the return to customer service in American business.

A poll from *Inc. Magazine* asked readers, "How do you spell competitive advantage?" Customer satisfaction was listed first at 81%, quality personnel second at 48%, product performance ranked third at 44%, and price was dead last at 31%.

Shoppers want quality products. Just look at the food and automobile industries for example. A few years ago generic brands sprang onto grocery store shelves. Despite the low price people also wanted quality. The result was generic products disappeared and were replaced by higher quality private labels and national brands. In the automobile industry the cars getting the highest buyer satisfaction scores are all foreign. They include Mercedes, Volvo, Honda, Jaguar, Toyota, and Nissan. Although they have cars in different pricing brackets most of these cars are the most expensive in their respective class. People are willing to pay more for quality.

People like good prices. That's why so many of the discount stores like Home Depot, Lowes, Walmart, Target, Office Depot, and Staples have thrived. But if you try to sell by price, be prepared to die by price. It is very hard to establish a competitive advantage on price alone.

People also want selection which is why each of these successful retailers offers broad product selection. Many will special order items they don't stock regularly to keep shoppers happy.

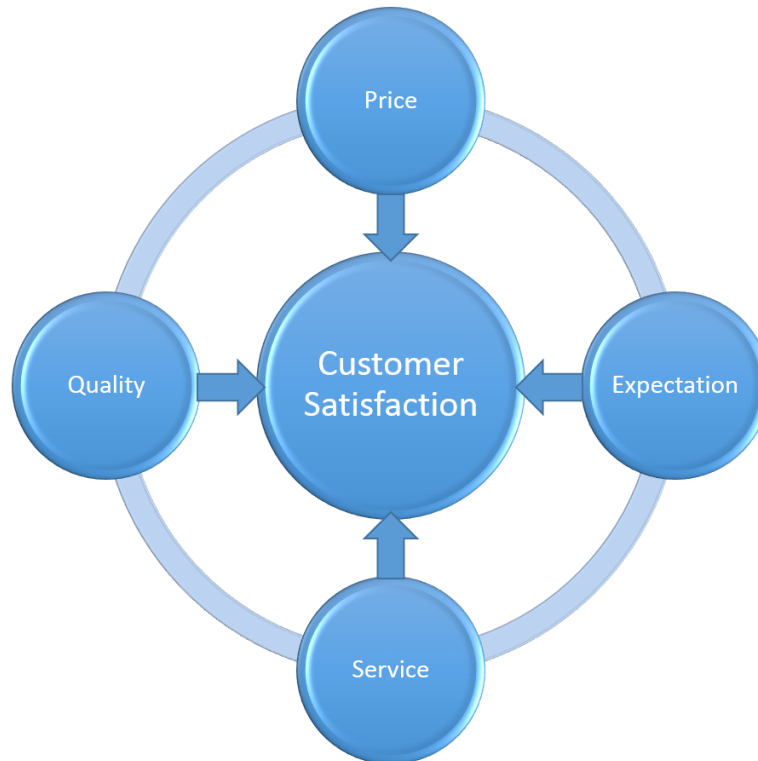
Each of these major retailers also understands the importance of customer satisfaction. They all have money-back guarantees. Home Depot and Lowes offer free computerized kitchen design services, and will order anything any of their regular vendors has through their special order departments. Office Depot and Staples have huge stationery catalogues for special orders, they offer printing and Xerox services, and free delivery for their customers.

## Customer Satisfaction Model

Customer satisfaction is very complex. There are so many things that can affect satisfaction that creating a detailed model looks like the engineering blueprints for the space shuttle.



A simple customer service model is shown below. It is comprised of four key elements: product price, product quality, service to the customer, and customer expectations.



Customers always have a budget. They may not want to admit it but most of us do not have unlimited resources so price is a factor. A \$2,500 easy chair might be beautiful and worth the price, but above a customer's budget.

Quality is important, but mostly when joined with price to create the concept of value. Customers want to have the best quality for the best price possible: the most bang for the buck. No one would pay \$50,000 for a Ford Focus or a Yugo (remember them?) even if they could afford it because the value isn't there.

The final two elements of our customer satisfaction model are customer expectations and service.

A great deal of customer satisfaction comes from a sense of whether expectations have been met. For example, you do not walk into a fast food restaurant, and expect a fine dining experience with terrific service. You do expect fast, friendly counter service, decent food properly prepared, and a clean place to eat as you hurry on your way with a van load of 12-year-old soccer players.

If, on the other hand, you own a restaurant where dinner for two runs \$100 then customer's expectations are completely different. They want a warm atmosphere, perhaps privacy with a



view of the city lights, outstanding service, and the best food possible presented with artistic precision.

No matter what business you are in your customers have expectations of you. Their expectations are formed from talking with others, your advertising, your store location, layout, etc. Customer expectations are a complex web of data gathered and continually updated about your industry, your business, and you. Meet their expectations and they will be happy. Fall short of their expectations and you will never see them again. Exceed their expectations and you will be well on your way to creating a competitive advantage.

Developing customer service into a sustainable competitive advantage in your company will be a lot of work to get started and a lot of work to keep going. Because providing service is a use of assets, management needs to determine how much of what kind of service will be provided.

## Getting Started

Here are five steps to get you started:

- **Listen and respond to customers.**

One of the best ways of finding out what customer expectations are is to talk to them. When they talk – you listen. Respond to every customer you possibly can by doing what they want. If half of your customers want to shop in your store on the way home from work, you'd better stay open past 5:00pm.

Conduct surveys. Most restaurants and hotels use comment cards. These are an excellent survey tool. When a customer puts their name and address on a survey respond to them promptly.

- **Define superior service and establish a service strategy.**

Define what service will meet or exceed customer expectations. Then develop a comprehensive strategy to deliver that level of service to the customer.

- **Set standards and measure performance**

Standards need to be set and employees need to know what they are. You would think this is obvious, but I just encountered a situation where a major company had a service goal of paying claims within five days of receipt, yet they never told the people who had to approve the claims about the goal!



Once the service goals are set and communicated you need to measure performance. What good does it do if you want to pay claims in five days if you don't know how long it took in the past (a benchmark), and how long it takes now? Measure performance versus the benchmark and versus the goal, and let employees know how they are doing on a regular basis.

- **Select, train, and empower employees.**

Some employees are good at providing service and some are not. Some people just don't have service built into their systems. For jobs where customer service is important select the people who can provide excellent service with enthusiasm. Train them initially, and continue to provide training so that they can continually improve their customer service skills.

- **Recognize and reward accomplishment.**

When employees have met or exceeded customer service goals make sure that their performance is recognized. Read customer testimonials aloud in sales meetings, or copy them and circulate them around the department. However you do it make sure that no outstanding service to a customer goes without recognition. Even if it is as simple as saying, "You did a good job!"

Rewards for outstanding customer service can take many forms. You might want to provide a cash bonus or some other prize. You may want to make the recognition part of your formal performance review system. That way you can provide raises and promotions based, at least in part, on customer service.

## One Final Thought

Volumes have been written about customer service. In these few review we cannot address any more than the tip of the iceberg. Even if yours is not a service business like a restaurant, hopefully you understand the importance of serving customers inside and outside your organization. If you are responsible for any kind of high performance team then you should have an understanding of your customer's expectations and customer service.

Writing to the Ephesians, Paul said, "*Serve wholeheartedly, as if you were serving the Lord, not men, because you know that the Lord will reward everyone for whatever good he does, whether he is slave or free*" (Eph. 6:7-8). Imagine that the next customer that walks through your door is the Lord, and serve him or her as if you were serving the Lord. Remember, we are to be a light to the world, and this is one way to let your light shine!



## Words to Ponder

“A reputation once broken may possibly be repaired, but the world will always keep their eyes on the spot where the crack was.” *Joseph Hall*

“A Christian man is the most free lord of all, and subject to none; a Christian man is the most dutiful servant of all, and subject to everyone.” *Martin Luther*

“Good will, like a good name, is got by many actions, and lost by one.” *Lord Jeffrey*

“Jesus said to them, ‘The kings of the Gentiles lord it over them; and those who exercise authority over them call themselves Benefactors. But you are not to be like that. Instead, the greatest among you should be like the youngest, and the one who rules is like the one who serves. For who is greater, the one who is at the table or the one who serves? Is it not the one who is at the table? But I am among you as one who serves.’” *Luke 22:25-27*

“The world cannot always understand one’s profession of faith, but it can understand service.” *Ian Maclaren*

“We are unworthy servants; we have only done our duty.” *Luke 17:10*



## Cases in Real Life

It was the typical large corporation mired in thousands of years of tradition and policy manuals that covered everything from the proper type of hat men should wear to the words that should and shouldn't be used in the selling situation. Call them the Behemoth Corporation.

As a young sales manager Bob knew his place. It was to sell ideas and concepts that, using his products, would help his customers make a decent profit.

The division Bob was in was a small one both in the company and in the industry. That made them a little more entrepreneurial but also less capable of reaching into deep pockets for financial support.

The broker that handled Bob's product was a net price kind of thinker. He went after the big sale via a big checkbook. That was about as conceptual as he got. If he had the lowest price he got the sale. When he didn't have the lowest price he rendered excuses.

One day Bob decided to accompany his broker on a sales call on a customer who had lots of untapped potential. As they talked to the senior vice president Bob asked lots of questions about what was important to the customer: "What do you look for when you buy this kind of product?", "What do you expect from the product?" Bob listened and made no sales presentation other than describing some of the basic benefits of his company's product. No big pressure pitch, no promise of the lowest price.

Not unlike many senior managers this one liked having someone who came and asked questions before making a sales pitch so he rewarded the broker with an order. The order was the biggest single order ever placed by any customer in the area. It called for delivery in stages beginning in seven days and going for five more days. The order was so large that it was greater than the total production capacity of the local plant, even if all they did was produce the order around the clock.

At Behemoth's local order processing center the order clerk calmly told the buyer that they couldn't possibly get this much product on such short lead time – it was, after all, against policy to accept orders with this short lead time.

As word made it back to the senior vice president that the product he wanted couldn't be delivered in time to meet his advertising commitments he made a phone call to a vice president he knew at Behemoth. The vice president at Behemoth understood the importance of customer service and developing this customer's business. He guaranteed prompt delivery of every case of product that had been ordered.





Bob received a phone call within a few minutes that set off a flurry of activity that lasted four days as Bob and his buyer coordinated the production and delivery of truckload after truckload of product. The Behemoth VP had authorized overtime at the local plant and instructed the plant 400 miles away to begin around the clock production as well. As soon as the product was made it was put on a truck and shipped. There was no time for the usual computerized order processing and shipping documents. Hundreds of thousands of dollars' worth of product was shipped and received based on handwritten notes.

Not a case was lost, not a case was late. The order that was against policy to the "customer service" clerk and according to manufacturing "couldn't be made" was made and was shipped and customer expectations were exceeded. Today that young buyer is a senior buyer and still remembers fondly the amazing service provided by the Behemoth Corporation every time he writes them another purchase order.



# Meeting Notes

**Use these meeting notes as a guide to developing and implementing customer service standards for your company.**

- 1) Ask your group to list all the possible people who might ever come in contact with a customer. Don't forget to include delivery people, stock clerks, people in the credit department, receptionist, automated phone system, etc. Capture the list on a generated chart so everyone can see it.
- 2) Define what customer service issues might arise for each of the areas of customer contact listed in Step #1. Make this a free-wheeling open session. Don't judge the answers as to right or wrong, big issue or small issue.
- 3) Determine the most important customer service issues to work on:
  - 1) Number the items on the charts.
  - 2) Take the number of items on the list, divide by two and add one. For example, if there are 50 items on the list:  $50/2$  is 25, plus one equals 26.
  - 3) Have each person on the team use a separate piece of paper to write down the number of each item. For example, 1 through 50.
  - 4) Then have them vote for the most important customer service issue starting with the highest number. For example, the most important issue would get a score of 26, the next most important would get a score of 25, and so on down to least important given a score of one. Twenty-four items in our example will remain unranked.
  - 5) Next combine the scores of all the participants for all items on the list. For example, add together all the scores for item number one and get a total, then add all the scores for item number two, and so on until all items are scored.
  - 6) Finally, divide the score for each item by the number of people who scored that item. For example, if item one had a total score of 100 and five people had voted then the average would be 25. Continue for all items on the list.
  - 7) Looking at the scores from Step #6 see if there is a natural break. Perhaps the top seven items all score over 40 and the next highest is less than 20.



- 4) Focusing on the top ranked items from Step #7, have the group create a customer service standard; what is the definition of perfect customer service in this area. For example, the credit department might want 100% of orders billed accurately and on time.
- 5) Determine how the employee may be empowered to handle any shortfalls of customer service. For example, a waiter may be authorized to offer a free dessert to any customer who complains about cold or poorly prepared food.
- 6) Determine what and how company systems need to be changed to improve customer service to meet standards for all the focus areas defined in Step #4.

***Note: As comprehensive as this is it is incomplete without a similar survey from the customers' point of view. Design a questionnaire or a comment card that will focus on the key customer service issues, tabulate the results, and make changes in your business quickly to rectify any serious customer service issues.***



## Key Points

Here are twelve tips to help increase your customer service scores:

- **The platinum rule:** Treat your customers better than you would ever hope to be treated.
- **Set standards:** Written standards for customer service must be established.
- **Hire the right employees:** Every person in your company who ever comes in contact with customers needs a customer-first philosophy.
- **Continually train employees:** Train all employees in current customer service standards.
- **Empower employees:** Give authority and responsibility to employees to take customer service action immediately.
- **Know your customers:** Make sure you and your employees learn everything they can about your customers' needs and wants. Modify your business approach to meet these needs.
- **Call customers by name:** You and your employees should learn as many of your customers' names as possible and then always greet them by name.
- **Keep your promises:** Do what you say you'll do for the customer the right way, the first time, and do it on time.
- **Be accessible:** Customers should have easy access to top management or the owner to express matters of concern.
- **Go a step beyond:** Exceed your customers' service expectations on a regular basis.
- **Have fun:** Customers enjoy businesses that are fun. You and your employees need to have fun, and you also need to let your customers have some fun.
- **Measure progress:** Create formal systems to measure customer service scores on a regular basis. Informally, make time to talk to customers and just ask whether they are satisfied and how you can serve them better.