

FRONT-LINE CUSTOMER SERVICE

**15 Keys to Customer
Satisfaction**

Clay Carr



WILEY

John Wiley & Sons

New York ■ Chichester ■ Brisbane ■ Toronto ■ Singapore

To Clay and Elizabeth
(My Mother and Father)
and
To the Thousands of Frontline People
Who Do Their Job Expertly
Day After (Often Weary) Day
And Thus Make Life Much Easier for All of Us
This Book Is Gratefully Dedicated

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Library of Congress Cataloging in Publication Data

Carr, Clay, 1934—

Front-line customer service / Clay Carr.

p. cm.

Includes bibliographical references.

ISBN 0-471-51616-3

1. Customer relations. I. Title. II. Title: Front-line customer service: 15 keys to customer satisfaction.

HF5415.5.C37 1990

658.8'12—dc20

89-27570

CIP

Printed in the United States of America

10 9 8 7 6 5 4 3

ACKNOWLEDGMENTS

I'm indebted most of all to the frontline people who've made my life more pleasant by doing their jobs extremely well. A few of them are mentioned in the book; many others aren't.

The book also mentions five exemplary firms: Cooker Restaurant Corporation, Micro Center, The Orvis Company, Ricart Motors, and WordPerfect Corporation. I'm indebted to each one for the information they furnished—and for the dedication to customer satisfaction that distinguishes them.

Regrettably, I'm also indebted to the far-too-many frontline people and their managers who believe that a perfunctory, just tolerable job is satisfactory. They've provided dozens of examples for the book. Their organizations will be grateful to know that all bad examples are anonymous or suitably disguised. Unfortunately, they'll never know either that they lost me as a customer, or why they did.

Back to the bright side. My wife, Gayle, is unfailingly understanding of a husband who has to do his writing in the evenings and on weekends. Her love and companionship make it worthwhile.

Many of the passages in this book have profited from the ideas of Dr. Anthony Putman, President of The Putman Group in Ann Arbor, Michigan. Tony's suggestions have enriched my thoughts in many ways.

John Mahaney, the editor for my first book, has been consistently helpful for this one as well. I'm indebted also to Mike Snell, my literary agent, whose consistently relevant comments helped the work develop into its present form.

We all take our libraries for granted. I'd like to break from that reflex for a moment to thank the public libraries of Columbus, Wester-

ville, and Worthington, Ohio. I'm also grateful for the chance to use the libraries of Franklin University and The Ohio State University.

I head an organization in the Department of Defense, which is trying to shift itself to a market-driven, customer-focused operation. We can do this because the staff is dedicated, talented, and willing to experiment. Working with them is a joy, and I thank every one of them.

Finally, I have to acknowledge the stubborn resistance of the English language to any attempt at nonsexist pronouns. The best solution I've been able to find is to alternate the use of masculine and feminine pronouns. Unless they're referring to specific characters, please understand that "he" and "him," "she" and "her" are names for members of the human race. Thanks.

CLAY CARR

Westerville, Ohio
January 1990

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ABOUT THE BOOK

MOMENTS OF TRUTH

Moment of Truth #1

On the wall behind the counter is a sign that says, "your satisfaction guaranteed." A customer walks up to the counter.

"I need another gallon of wall paint. This one didn't cover with one coat. I think it's the pits to pay \$17 for a paint that takes two coats."

"What color did you paint over?"

"A pastel yellow—not even a bright one."

The clerk doesn't reply. He blends the paint then turns the mixer on. While the mixer is going, he takes the customer's money. He rings the sale and hands the customer the change.

The customer sticks the bills in his pocket and picks up the paint. "You know this'll be the last time I'll buy any paint here for a long time."

There's a pause. As the customer turns to go, the clerk says, "Have a nice day."

Moment of Truth #2

The customer walks up to the hotel desk and hands the clerk his key. She prints out the bill, which he looks at.

"I don't think I should pay you full price for the movie last night. There was a black line across my screen I couldn't get off." He pauses, ready to ask her to cut the price in half.

"In that case, I don't think you should pay anything at all. Here, let me take it off your bill."

Two dissatisfied customers—two moments of truth. Ask yourself two questions about them:

1. How do you think the customer reacted to each moment of truth?
2. Which incident would be more apt to happen at your business?

Jan Carlzon coined the phrase “moments of truth” to describe the “golden opportunities to serve the customer.” This book focuses on the most critical of the moments of truth: golden opportunities to turn unhappy buyers into loyal customers. You can’t control the value of the dollar, the rate of inflation, the cost of advertising, the entry of other competitors into your markets, or hundreds of other factors important to your success. However, you *can* control every aspect of how you deal with dissatisfied customers. Nothing else your firm does—*nothing*—gives you the return on investment produced by dealing successfully with an unhappy buyer.

THE ADVANTAGE OF BEING (OR AT LEAST ACTING) SMALL

The principles in this book apply to any kind of organization—Fortune 500 corporations, “mom-and-pop” stores, hospitals, colleges, professional firms such as clinics and law practices, and even public agencies. Several extremely large firms practice these principles religiously, and a whole chapter addresses how to use the principles in public agencies. Nonetheless, if you manage a small-to-medium-sized business (or a small business unit of a large corporation), rejoice. Their smaller size permits these businesses to be flexible and truly close to their customers. Larger organizations can do this, but they require greater imagination and perseverance.

Another advantage of many small-to-medium-sized firms is that they’re often privately held. There are advantages in being a public company, of course, but there are also advantages in being private. As the president of one company said, “Because we’re a privately held company, we can afford to provide toll-free services to our users without having to worry about shareholders crying for more money.” Though

many publicly held companies focus on customers, it probably is easier to do so if you're your own master.

Small-to-medium-sized firms have one other advantage: Most of them are not caught in the obsessive numbers games played by so many giant firms. One of the recurring themes of this book is that you can't focus on the customer and on numbers at the same time. One of them has to take priority over the other. If you're busy planning to make or prevent mergers, takeovers, and leveraged buyouts, you don't have a lot of time and attention left to focus on customers. And if you don't focus on your customers, who will?

FOCUSING ON THE CUSTOMER

What Is a Customer Focus?

"Focusing on the customer," by the way, isn't just a pat phrase. Jan Carlzon turned SAS (Scandinavian Air Systems) Airlines around, spectacularly. His biggest single change there was to ensure that "the *entire* company—from the executive suite to the most remote check-in terminal—was focused on service." Micro Center, an immensely successful personal computer retailer, takes this seriously, too. There, *every* manager deals regularly with customers. And at a Cooker restaurant, the manager checks with the customers at each table to see that they're happy. (If you're not familiar with Micro Center and The Cooker Restaurant Corporation now, you will be by the end of the book. They're both exemplary at dealing with unhappy customers.)

This book shows you how to focus on customers every day. Most important, it shows you how to treat them when they're dissatisfied—not just to "handle" them, but to turn them into your best and most loyal customers. This isn't easy. It isn't something you can do in three quick steps and then go on to something else. It has to be a day-in-day-out concern. But it can be done. In fact, as this book describes, it is done by dozens of highly successful firms of all sizes. From the United Airlines flight attendant who says that her job is to do everything she has "to do to get the person to fly United again" to Flowers by Snellings in

Winchester, Virginia, “where satisfaction is *absolutely guaranteed*,” successful firms and their customer-service people practice it passionately.

Despite its title, that this isn’t just another book on “customer service,” though you’ll read those words over and over again. Customer service is something that a firm *does*; customer satisfaction is something that *happens inside the customer*. Good customer service is essential if you’re going to have customer satisfaction—but so is good marketing, good sales, good manufacturing, good product service, good human resource management, and so on. In other words, customer service—as important as it is—is only one part of a successful, customer-focused firm.

I believe that focusing first on anything *inside* the firm, even if it’s customer service, is a basic mistake. First, you focus *outside* the firm, on the customers. You orient your whole firm around satisfying them.

Why Focus on Satisfying Customers?

Satisfying customers is worthwhile in its own right, and emphasizing service is certainly a fad these days. But the reason I wrote this book has nothing to do with either of those. Instead, it has to do with my views of (a) what should be the basic goal for a company to pursue, and (b) what managers should do to achieve this goal.

In a nutshell, I think the goal of any well-managed firm must be *to increase its value to its market*. In the long run, the company strives to become a value leader in its market—whatever its market is or becomes. In the short run, the company makes itself more valuable to its present customers. Everything else that happens occurs between those two poles.

How do you increase your value to your market? By increasing your value to every customer, every day, at every moment of truth. And how do you do that? *You provide her increasing benefits and/or you provide the benefits at a decreasing cost*. To my mind, that’s the name of the game. Any other corporate strategy is, at best, second best.

That’s the background for this book. The book assumes that your overriding objective is to increase your value to your customers. While it deals with every aspect of this theme, its primary focus is on how to deal

with unhappy customers. The goal in dealing with them isn't simply to correct a problem—it's to restore full value to their original transaction and *create the expectation that future purchases from you will be valuable for them.*

Clearly, the key concept here is *value*. It's discussed at length in Chapter 2, but it's really quite a simple concept:

Value is the benefit that a customer gets from your product or service, minus the cost of purchasing it from you.

Benefit can include utility, excitement, peace of mind, a full stomach—whatever the customer values enough to pay for. *Cost* includes not only the money but also the time, effort, and disruption that a customer has to spend in order to get that satisfaction.

THE STRUCTURE OF THE BOOK

After a brief prologue, Chapter 1 lays the foundation for the book with a review of the basics of customer psychology. Because this book focuses on those “moments of truth” when your frontline people deal with dissatisfied customers, Chapter 1 takes a hard look at how customers respond when they're dissatisfied. Understanding these basics—and their implications for a successful business—is critical.

Chapter 2 is the basis for the rest of the book. It makes clear just what *value* is for a customer, and how important it is for you both to understand it and to produce it. As the end of this chapter says, “You sell value—or you don't sell anything at all.”

The next three chapters describe your frontline people: what they have to do, how you should train them, and how you keep them doing it:

In Chapter 3, you'll look both at what your frontline people have to do and at how you should support them as they do it. They're the heart of your organization: You succeed when they do well; you fail when they don't.

Chapter 4 describes the kind of training your frontline people need to have. Dealing with customers is a demanding job. Dealing with dissatisfied customers is doubly so. The people who do it need high-quality, effective training.

Chapter 5 describes what you need to do to keep your frontline people doing their job. This goes into the nitty-gritty of a customer-focused organization—policy, procedures, and reward systems.

Chapter 6 provides a transition from the first half of the book to the last. It deals with how you get feedback from your customers. If you haven't worked this problem, you probably think the solution is to make comment cards available and do occasional surveys. These help, but they're not sufficient. Chapter 6 explains why and suggests what else to do.

Chapter 7 gets down to the actual process of dealing with unhappy customers. The point here is that it's not enough to give the customers what they thought they were getting in the first place. If you're going to provide them value, you need to do something more. Chapter 7 describes that "more."

Chapter 8 extends the theme from Chapter 7. When a customer is dissatisfied, she expects that dealing with you will be dissatisfying in the future. By solving her problem, you start to change that expectation. However, before you can demonstrate that you can satisfy her, you need to get her back into contact with you. Chapter 8 shows you how to do so.

Chapter 9 deals with the objections you may have to a completely customer-focused organization. The point of the chapter is that any approach other than complete customer satisfaction is less competitive—and thus riskier for your firm. To illustrate this, the chapter presents snapshots of five highly successful firms (scattered from Vermont to Utah) that thrive on a fanatical focus on the customer.

Chapters 3 through 9 present all of the basic principles and skills for focusing on the customer. Chapters 10 and 11 extend the general coverage of these to specific situations:

If you manage a public agency, Chapter 10 is directed to you. It deals with the problems of implementing a strongly customer-focused approach in a public agency. Public organizations have certain

problems in being customer focused that private firms don't have. These problems are explored, but the exploration ends with a familiar conclusion: A customer-focused approach is the most successful one in this type of organization, too.

Are you in a private or public organization, but you don't run it? Would you like to make your piece of the action more strongly customer focused? Chapter 11 analyzes the problems you may encounter and suggests ways of overcoming them.

The epilogue brings it all together for you. It summarizes the main points of the book. Then it takes you systematically through what you need to do to establish, improve, and/or maintain a strongly customer-focused organization. It helps you take everything you've gotten from the book and make it work *for you*.

There's a final bonus for you. The appendix takes the meat of the book *from the point of view of frontline personnel* and summarizes it for them. This is only a fraction of the information your frontline people need, but it's what they need to get started in the right direction.

PANACEAS AND TARGETS

Before moving to the prologue, I want to introduce a point that's elaborated and explained in the pages that follow. Dealing successfully with dissatisfied customers is essential to your success; if you don't do it, everything that you do well will suffer. On the other hand, skill in dealing with unhappy customers is no panacea. It won't save you if you execute poorly in other areas. In fact, if you try to paste a strong customer-satisfaction program onto an organization that can't market, sell, manufacture and service well, it will make things worse, not better.

In other words, you can only deal effectively with dissatisfied customers if you do everything else well. You may not believe that now, but you will before you finish reading this book.

The following chapters describe exactly how you can turn unhappy buyers into loyal customers—keeping always in mind that the basic objective of your business is to constantly increase its value to your

customers and your market. Here's a preview of the most important ways to increase your value to your customers—the 15 keys:

1. From the point of view of your customers (potential, actual, or former), your only excuse for being in business is to satisfy them.
2. You don't sell products or service or even benefits. You sell value—or you don't sell anything at all!
3. Customers define value in their own terms. If you want to satisfy them, you have to look at your products or services through their eyes—always!
4. If anything happens after the sale to prevent the customer from getting at least the value he expected, he hasn't gotten the value he paid for—and the customer knows it! In short, you've created a dissatisfied customer.
5. Dissatisfied customers aren't problems; they're golden opportunities.
6. The really picky, demanding customers are *platinum* opportunities. Keep satisfying them, and you're in business for life.
7. If you intend to deal successfully with dissatisfied customers, focus on saving the customer, not on saving the sale.
8. Either customer satisfaction and loyalty are primary, or something else is. No compromise is possible.
9. Your frontline people won't treat your customers any better than you treat your frontline people.
10. When a customer provides honest comments, he's doing you a favor—and that's how he looks at it. Give him a reason to do you the favor.
11. To satisfy an unhappy customer, you must add extra value to make up for the value you promised but failed to provide in the first place.
12. Always treat a customer as if he will remain a customer. Never treat him as though this is the last time you'll see him.
13. Always provide a dissatisfied customer a positive reason for dealing with you again.

14. The whole process by which you create and deliver your product or service must support the creation of customer satisfaction and loyalty.
15. Every organization has customers—every one. The organizations that thrive and prosper and *feel good about what they do* are those that consistently satisfy their customers.

Here's a final thought. Captain David Quirk, USN, is a submariner. According to him, there are two kinds of ships: submarines and targets. If we transfer that logic to dry land, it comes out like this:

There are two kinds of businesses: customer-focused businesses and targets.

This book will show you how to avoid being a target.