

Customer Retention Best Practices -- Executive Summary

The following executive summary provides a high-level overview of the **Vistage Customer Retention module**, detailing the process and what you need to get started.

The New Era of Customer Retention

Every business, large and small, depends on customers for its livelihood. Surprisingly, a great many businesses fail to honor this common-sense principle. According to Vistage customer retention experts **JoAnna Brandi**, **Howard Hyden** and **Chuck Reaves**, excellence in customer service is the single most important element in determining your company's future success or failure. Regardless of the product or service your organization provides, you're ultimately in the business of *servicing customers*.

The CEO must transmit three essential principles to all employees:

- Every function of the company must look at the business through the eyes of the customer.
- Each person in the company must add value on top of the product.
- The customer — not the company — determines value.

Building Customer Loyalty

All too often, companies focus their energies on going after customers and too little effort into building a solid customer base. This short-term strategy usually ends up backfiring on the bottom line.

Successful companies focus “outside-in” (looking through the customers' eyes), not “inside-out” (looking through your own eyes). They maintain this “outside-in” focus with the following techniques:

- **Model the behavior.** Create an environment where employees can make decisions at a tactical level. Leaders need to model the behavior they want employees to exhibit, *not* the “do as I say, not as I do” model.
- **Know your customer.** Allocate time to go out and meet with customers and suppliers.
- **Manage out, not up.** If an employee's orientation is to please the boss, he or she won't focus on pleasing the customer.
- **Put customer service first at your management meetings.** If you always ask questions about cost cutting or meeting the budget, your management team will focus on these issues, not customers.

The first question every customer asks (or thinks) is: “What's in it for me?” To keep the focus where it belongs, our experts offer these tips:

- **Guarantee your products and services.** Stand behind everything you do or make. Otherwise, what possible reason can anyone have to buy from you?
- **Make on-the-spot decisions.** No one wants to hear, “Let me check with ...” or “I'll have to get back to you.” A customer who comes to you with a problem and gets an immediate decision will — more often than not — walk away satisfied.

- **Keep your promises.** In an attempt to outdo the competition, you may be occasionally tempted to over-promise delivery of goods or services. Don't do it! Make promises you know you can keep. Customers appreciate it.

Measuring Customer Satisfaction

Most businesses measure success by such typical key indicators as profit margin, sales and accounts receivable. These indicators measure what's in it for the business. The real challenge lies in measuring what's in it *for the customer*.

In addition to the most obvious measurements (referrals generated from current customers, level of repeat business from current customers, rate of customer complaints), the Vistage speakers recommend these "future customer-focused" key indicators:

- **Time to answer inquiry.** Business studies show that a customer lead loses one percent of its potency for each day it remains unanswered or unfulfilled. Responding quicker than your competitors translates into a clear advantage.
- **On-time delivery.** If your product doesn't get to the customer when he or she needs it, the value of that product is diminished severely. Promising a specific delivery date and not sticking to it lends the perception that your company is incompetent.
- **Error rate.** How many mistakes are made when entering customer orders into your computer tracking system? These errors often translate into wrong products being shipped and/or increased delivery time.
- **The 80/20 rule.** In most businesses, 80 percent of profits comes from 20 percent of customers. At a minimum, companies should track their top 20 percent of sales to see if they're growing, staying flat or on the decline.

Establish benchmarks that assess quality on a continual basis. Measure key indicators in small increments that can be tracked quickly and efficiently. This may seem like a time-consuming approach, but it's far more preferable than waiting until the end of the fiscal year for assessment.

"Moments of Truth"

Whenever a customer comes into contact with any facet of your business, it's an opportunity to form an impression. These "moments of truth" can make or break your company.

Your employees' first responsibility is making customers feel special. A customer-focused company recognizes that it's not in business to deliver a product or service, but to enable people to reap the *benefits* of that product or service.

Customers have certain expectations. Moments of truth are inextricably linked to these expectations. They include:

- **Ambience.** Customers expect to find clean, comfortable and attractive surroundings. They expect to be greeted warmly by well-groomed, professional-looking employees.
- **Quality.** Customers expect quality in every part of your business, from the way your staff treats them to the product itself.
- **Solutions.** You're expected to stand behind the product you sell, to be an expert in this area. Your customers will have questions. You should have answers.
- **Reliability.** The customer expects your product or service to be reliable and dependable. A sense of confidence grows out of this expectation and can lead to more business in the future.

Every organization has only a finite number of opportunities to both meet and exceed customer expectations. The key is identifying these moments *as the customer sees them*, not as you do. If you're successful, you can win customer loyalty for life.

The Value of Service

Successful businesses recognize that service itself is a product — a product that's sold every time the customer has contact with the organization. Service:

- Must be produced upon demand
- Can't be "recalled" like a malfunctioning appliance (you can apologize for bad service, but by then the damage may already be done)
- Is experienced by the customer at the moment it's delivered (there's no opportunity to take a "time out" and consult with management)

Providing value not only serves the customer, it benefits your organization as well. These benefits include:

- **Greater efficiency.** Focusing on areas that directly affect customer satisfaction requires businesses to use resources more efficiently.
- **Cost effectiveness.** According to the U.S. Department of Consumer Affairs, the cost of gaining a new customer is roughly five times more than the cost of keeping one. With a mere five percent rise in customer retention, a company's profitability can jump by 25 percent or more.
- **Increased morale.** When the CEO, senior management, mid-level management and front-line staff are "in sync" on the importance of customer service, everyone shares a common purpose and goal. The result: enhanced employee morale and satisfaction.

In any industry where two or more businesses sell the same goods or services, success is ultimately measured by how well the customer is treated — not only at the time of sale, but after the fact, too. Your business can offer great customer service after the sale by:

- **Helping with problems, not evading them.** When a customer comes with a problem to your front-line staff, they should *never* be passed to another employee. Customers don't want to hear, "That's not my job."
- **Never being too busy to help.** Never let your customers feel like they're intruding. Your employees' primary job duty is providing outstanding service to customers.
- **Letting the customer teach you about your business.** Customers are the ultimate goal of all of your advertising, distribution, pricing, marketing and sales efforts. What they say about your business reflects how well you're achieving what you set out to do.

Employees: Your Internal Customers

How many companies overlook the need to develop good *internal* customer service — the care and nurturing of first-rate employees who are hired to do whatever it takes to get and keep a customer's business?

According to the Vistage experts, most companies today simply don't work to understand what type of people thrive in their cultures and what they need to take good care of customers. They offer these tips to facilitate the hiring process:

- Design a profile of the type of person you feel is best equipped to serve your customers.
- Incorporate the latest behavioral hiring techniques as part of the interview process.

- Make sure several staff members interview the applicant.

Hiring the right employee is only the first step. What happens during orientation and training is equally important. Companies that deliver world-class service have a formal orientation program, a comprehensive employee handbook and numerous ways to introduce a new employee to the company's culture.

In these organizations, company standards are clearly articulated. Employees know what's expected of them. Experienced staff members share their knowledge about implementing these standards in daily business life.

Through training and everyday work, the employee focus should be on customer service. Constantly ask yourself and your staff: What have we created of value today? What can we do better than yesterday?

CEOs and senior management can also encourage customer focus by:

- **Paying attention to culture.** Encourage staff to look at other companies' cultures, i.e., during visits to WalMart, Costco or their local supermarkets. The more you get people talking about customer issues, the more you get problems out into the open and start making improvements.
- **Making experts of your staff.** Invest more in training and information. Build a company library. Make educational books and tapes available to everyone. The more you invest in your employees, the more loyalty you'll get in return.

Customer Service Makes the Difference

Product quality no longer guarantees a competitive advantage. Today, it's a commodity; the customer expects it. You have to find a way to differentiate yourself from the competition.

Businesses are increasingly finding that *employees* can be that competitive advantage. The key is hiring employees with the skills to deliver outstanding service. This requires:

- A sincere commitment to serve all customers at the highest possible level every time;
- Clearly articulated policies about how customers should be serviced, as well as a system of accountability for enforcing these policies; and
- A culture that requires serving customers consistently in a manner that not only meets their expectations, but often *exceeds* them.

Achieving outstanding customer service is what sets your business apart and keeps customers coming back again and again.

What Do Your Customers Think?

Offering quality service to customers isn't a mysterious process. Customers who interact with your organization every day are the ideal source for the feedback you need.

Your internal records may suggest you're doing a great job, but the only voices worth listening to belong to your customers. Find out what they want, provide it to them on a consistent basis and ask them how well you're doing.

"Listen and learn" sources include:

- **Customers.** For many businesses, the person who purchases your product isn't necessarily the one who uses it. To get a clear picture, always be sure to talk to the end-user.

- **Sales representatives.** Often, sales reps are the eyes and ears of an organization. Based on their firsthand contact with customers, they're certain to have valuable insights for the business.
- **Ex-customers.** Track down former customers and find out why they no longer do business with you. This can also be a valuable source of information.

Surveys are an effective way to gauge customer satisfaction. They can also measure the importance customers place on specific characteristics of these goods — which in turn offers additional information on where to focus your customer-retention efforts.

Because of their give-and-take format, focus groups can generate better information about customer satisfaction. They allow businesses to probe beneath the surface and get a clearer understanding of why customers perceive your organization the way they do.

Also encourage management and front-line staff to take a comprehensive approach to gathering feedback. Instances include:

- **Point of purchase.** When the actual transaction is taking place, ask the customer: "Was everything to your satisfaction?" Better yet, ask: "Was everything *perfect*?"
- **Order forms.** Include a "comments" section on your order forms, making it easy for customers to provide feedback. Try this on your invoices as well.
- **Toll free.** For customers living and working beyond local area codes, install a toll-free telephone number they can call with their comments and complaints.
- **Voice mail.** Install a dedicated "customer feedback hotline." Let your customers know that all messages on this hotline will be heard or read by senior management and by all employees with direct customer contact.

Turning Complaints into Devotion

According to the Technical Assistance Research Programs Institute, the average customer with an unresolved complaint tells nine to 10 people about the experience; 13 percent tell more than 20 people. And for each unhappy customer heard from, the average business has 26 others it *never* hears from.

Complaints should be viewed as opportunities — a chance to learn what customers don't like about your products or services, and what can be done to make things better. The Vistage customer retention experts offer these tips for coping with unhappy customers:

- **Reward the customer.** The first thing to say in response to an angry customer: "Thank you for bringing this problem to my attention." This "rewards" the customer for taking the time to contact you in the first place.
- **Stay calm.** Remember, you're here to serve the customer. This is your chance to show what you can do!
- **Listen.** Pay close attention to the customer's complaint. Let customers know that you care about their complaints and you value their business.

A prompt response is by far the most effective way to neutralize customer complaints. Whatever the situation, make sure it's taken care of. Nothing kills customer loyalty faster than not following through on problem resolution.

The Ones Who Got Away

Businesses have a choice when it comes to selecting their customers. Not all customers are a good "fit" for your business. Nevertheless, you should be very careful about whom you let go and whom you hang onto.

Only the CEO and/or senior management should “fire” a customer. This customer should only be let go for “just cause” — either because the customer has become unprofitable or because he or she has asked your company to do something immoral, unethical or illegal.

Some customer defections are inevitable. Still, thriving businesses should have a strategy in place to make the most of these defections.

If customers are defecting in significant numbers, first consult your front-line staff members. They know how people feel about the company and can, if properly trained, observe what’s going on around them, as well as offer keen insights and possible solutions.

Figure out why the customer has stopped doing business with you. Be open to feedback about your company. Seek concrete, specific information that will lead to genuine product or service improvements.

When customers say, “I’ll never do business with you again,” what they’re *really* saying is that you have to earn back their business. Given enough time and energy, you can do it.

Expert Practies -- Listen and Learn: Asking the Right Questions

Offering quality service to your customers isn't a mysterious process. Customers who are used to interacting with your business every day are the perfect source for the feedback you need to stay in business.

That's the verdict of Vistage customer retention experts **JoAnna Brandi**, **Howard Hyden** and **Chuck Reaves**. They say there are numerous ways to learn what your customers want. It's important, first and foremost, that you take the time to listen.

"Teaching employees to ask insightful questions helps you form a vivid picture of your customers' needs," Brandi says. "It's easier to be compassionate and empathetic when you know the whole picture."

Getting that whole picture means observing customers in their "natural habitat." Says Hyden: "Spend time with your customers. Get to know their business and ask them: 'Is my product serving your needs? If not, how would you design it differently?'"

A surprising number of businesses initiate wide-ranging customer service programs without ever talking to their customers. According to Reaves, "Your internal records may suggest you're doing a great job, but the only voices worth listening to belong to your customers. Find out what they want, provide it on a consistent basis, and ask them how well you're doing."

"Listen and learn" sources include:

- **Customers.** For many businesses, the person who purchases your product or service isn't necessarily the one who uses it. To get the clearest picture, always talk to the end-user.
- **Sales representatives.** Your sales reps are your eyes and ears. Based on their firsthand contact with customers, they're sure to have valuable insights for the business.
- **Ex-customers.** Track down former customers and ask them why they no longer do business with you. Positive or negative, their responses are sure to be insightful. (A tip: Send a box of chocolates or a basket of fruit along with your survey!)

"Customer service is all about exceeding customer expectations as defined *by the customer*," Reaves says. "To know what customers want and expect, you have to ask them!"

To Survey or Not to Survey?

Surveys are an effective way to gauge customer satisfaction about your products or services. They also can show you the level of importance customers place on specific characteristics of your business — which in turn offers additional information on where to focus your customer-retention efforts.

"Surveys are relatively simple and inexpensive to use, but to be truly effective they must have clear and precise goals," Hyden says. "Vaguely worded or broadly categorized surveys may generate a great deal of information, but very little of it will be useful."

Certain factors influence customers' responses to surveys:

- **Phrasing.** A question phrased in positive terms (“How satisfied are you?” vs. “How dissatisfied are you?”) usually provokes more favorable responses. The majority of customer satisfaction survey questions are phrased in positive terms.
- **Timing.** It’s often as important *when* you survey customers as *what* you survey them about. Studies indicate that surveys conducted immediately after a purchase receive more favorable responses than surveys administered at a later time.
- **Refusal to admit a mistake.** Many customers believe that giving a low satisfaction rating reflects badly on their own buying habits. They don’t care to admit they’ve made a bad decision about a recent purchase. As a result, they often compensate by giving higher-than-average responses.

Focus!

Because of their give-and-take format, focus groups can generate better information about customer satisfaction. They allow businesses to probe beneath the surface and get a clearer understanding of why customers perceive the business the way they do.

However, focus groups are also time-consuming and more expensive than surveys.”Ideally, a combination of surveys and focus groups produces the best results,” Brandi says. “Remember, the information you gain helps direct your future customer retention efforts. Having satisfied customers is a good first step, but more effort is needed. Don’t equate satisfaction with loyalty.”

Feedback Is All Around You

Building a loyal customer base is like building a family or partnership. Like family members and business partners everywhere, customers want a say in what’s going on. When they are invited to “participate” in your business, customers commit themselves to a sense of ownership and loyalty.

Encourage management and front-line staff to take a comprehensive approach to gathering customer feedback. Opportunities include:

- **Point of purchase.** There’s no time like the present — the moment when the transaction is taking place. Ask the customer, “Was everything to your satisfaction?” Better yet, ask: “Was everything perfect?”
- **Order forms.** Include a “comments” section on your order forms, making it easy for customers to provide feedback. Try this on your invoices as well.
- **Newsletters.** Solicit letters from your customers and print them in your organizational newsletters. This demonstrates your interest in their attitudes and your desire to share their thoughts with employees and others.
- **Toll free.** For customers who live and work beyond local area codes, install a toll-free telephone number they can call with their comments and complaints. Encourage use of this toll-free phone option in your mailings and handouts.
- **Report cards.** Simple, easy-to-use “report cards” (like those used by hotels and restaurants) offer instant feedback from customers doing business with you. Include prepaid return envelopes to make it as easy as possible for them.
- **Voice mail.** With today’s technology, there’s no excuse for not having a dedicated “customer feedback hotline.” Let your customers know that all messages on this hotline will be heard or read by senior management and by all employees with direct customer contact.

“Gathering feedback from a variety of sources results in an objective, comprehensive picture of who your customers are, what they want, and how you can better serve them,” Reaves says. Hayden adds, however, that collecting customer feedback is only half the battle. “All this data should be closely analyzed and shared with the staff in an organized, accessible manner. Otherwise, it’s useless.”

Expert Practices -- New Era of Customer Retention

Every business, large and small, depends on customers for its livelihood. Surprisingly, a great many businesses fail to honor this common-sense principle. Many CEOs and business owners don't grasp the basic fact that virtually all business processes — from accounting to the assembly line, from personnel to information technology — affect the quality of customer service. Far too often, companies overlook the fundamentals and end up sacrificing the customers they need in order to thrive in today's marketplace.

According to Vistage customer retention experts **JoAnna Brandi**, **Howard Hyden** and **Chuck Reaves**, excellence in customer service is the single most important element in determining your company's future success or failure. Regardless of the product or service your organization provides, you are in the business of *servicing customers*.

Let's start by identifying different types of supposedly "customer-friendly" companies. Which of the following best describes the policies of your organization?

- Company A views employee training in the area of customer service as an unnecessary expense (when in fact it's an investment in the future). Training takes place sporadically, usually by unqualified managers.
- Company B strives intermittently to project an image of being service-oriented and customer-friendly. When convenient, it offers some customer awareness training, but sets it aside when another new business trend comes along.
- Company C knows that providing quality customer service generates sales opportunities. It regards customer service as a "value-added" component — something special to be offered to customers.
- Even with a long track record of providing top-notch customer service, Company D continually seeks new ways to do even better. It has established high standards, achievable goals and effective communication between management and employees — all dedicated to enhancing customer service.

"The only way Company A can stay in business is by attracting a high percentage of first-time customers," says JoAnna Brandi. "In the long run, its lack of customer focus will result in minimal growth, declining profits and a loss of market share. The outlook is bleak at best."

"Company B's prospects are somewhat better," notes Howard Hyden, "but its halfhearted commitment to customer service doesn't bode well. It's not doing the right things to generate customer loyalty and seems to put little value in long-term customer retention. This is a business that just doesn't get it."

"Company C has the right idea, but mistakenly believes that 'good' is good enough," says Chuck Reaves. "It's not. The consumer of the 21st century is more educated and more demanding than ever before. Combined with an ever more competitive marketplace, this makes delivery of superior service absolutely essential."

In the experts' view, nearly everything Company D does is based on meeting customers' needs now and in the future. Senior management is fanatical about working with employees to create a superior buying experience — so that customers come back again and again, bringing others with them. Customer-focused training for managers and front-line staff is an ongoing process.

The Customer, the Company and the CEO

Serving customer needs doesn't begin and end with front-line staff. In fact, says Brandi, the vision and focus must originate at the top.

"Vision and values drive everything in the organization," she says. "It's up to the leader to create an atmosphere where employees are motivated to provide superior customer care. Employee pride, confidence and self-esteem are directly linked to customer satisfaction, and the true leader sees that connection."

Hyden pinpoints three essential principles that the CEO must transmit to all employees:

- Every function of the company must look at the business through the eyes of the customer.
- Each person in the company must add value on top of the product.
- The customer, not the company, determines value.

"The bureaucracy inherent in many organizations serves to frustrate the goal of customer service," Reaves says. "Processes are fragmented and compartmentalized. As a result, valuable information about customers seldom reaches deep enough into the business to generate meaningful change."

Because of this, many businesses adopt a "one-size-fits-all" approach to customer care, hoping this will somehow meet their customers' needs. This approach, say the Vistage experts, simply doesn't work.

A more effective system integrates all of the company's operations with customer service as the primary goal — identifying all activities that attract and retain customers in a coherent manner.

"The focus is on outcomes," says Hyden. "Business gets organized around the customer, not around sales, marketing or other internal functions. Feedback and measurements about customer satisfaction drive changes — resulting in a business that stays flexible enough to respond to changes in customer preferences and desires."

Customer Profiles

According to Reaves, it's not enough to describe your customers as "satisfied" or "dissatisfied." He identifies six customer "types" and where they fit into the customer hierarchy. These include:

- **"Endorsers"** — (5 percent of customer base) Endorsers are customers who tell other people about your company. Typically, the new customer comes in as an endorser, which you should capitalize on.
- **"Buyers"** — (15 percent) A buyer will continue to buy from you, often exclusively, but no longer aggressively endorses your company. Maybe an invoice was incorrect or a shipment was incomplete. If one negative incident moves your customer from endorser to buyer, it may take 15 positive incidents to get him or her back as an endorser.
- **"Satisfied mutes"** — (30 percent) These customers don't talk to you and you don't talk to them. If you ask one of them how the business is doing and they answer, "fine," that's all you know.
- **"Dissatisfied mutes"** — (30 percent) This customer has migrated from the ranks of satisfied mutes, but you don't know it. That's because no one is talking to anyone else. At this stage, it will take 60 positive incidents to make this person an "endorser" again.
- **"Grumblers"** — (15 percent) You know these customers: No matter what happens, you can't do anything right for them. They've experienced too many negative incidents. In essence, they have become "martyrs."
- **"Complainers"** — (5 percent) Though small in numbers, this type of customer can be deadly. They make a point of telling everyone how badly your company has treated them. They are not your friends.

"For every dollar spent retaining an account, it takes six dollars to close a new one," Reeves notes. "No

wonder it's more profitable to retain customers. If you resolve problems to their satisfaction, they'll continue to buy from you 75 percent of the time. If you resolve the problem immediately, that figure rises to 96 percent.”

Expert Practices -- How to Build Long-Term Customer Loyalty

Vistage speaker **Chuck Reaves** tells the joke: “A man dies and goes to heaven. At the Pearly Gates, St. Peter tells him: ‘Even though you qualify for heaven, you get a choice. You can stay here or go downstairs to hell. You can even spend a day in each.’ The man spends an enjoyable day in heaven (it’s quiet and relaxed, lots of soft harp music, etc.). The next day one of Satan’s helpers shows him around hell. Everyone’s having a great time, drinking, dancing — it’s a non-stop party.

“The next day the man tells St. Peter: ‘As much as I thought I’d always end up in heaven, those people down there really know how to have a good time. I think I’d rather spend eternity down below.’

“With that, Satan’s helper reappears and ushers the man downstairs, where he’s immediately taken to a brick cell and shackled to the wall. ‘Here’s where you’ll spend eternity,’ the man is told. ‘You can’t do this!’ he protests. “When I was here yesterday, everyone was partying and having a good time. What happened?’

“Satan’s helper replies: ‘Yesterday you were a prospect. Today you’re a customer.’”

Amusing, perhaps, unless you happen to be among those customers who have experienced a similar change in service and treatment. All too often, says Reaves, companies spend their energy going after customers, instead of building a solid customer base. This short-term strategy usually ends up backfiring on the bottom line.

“Customer relationships rarely pay off in the short-term,” adds Vistage customer retention expert **JoAnna Brandi**. “You have to invest in customers and nurture them. The problem is, most businesses spend time selling *to* customers, rather than engaging in dialogue to find out what’s truly important to them.”

What’s in It for Me?

According to Vistage customer retention expert **Howard Hyden**, successful companies focus “outside-in” (looking through the customers’ eyes), not “inside-out” (looking through your own eyes).

“When a company is inside-out (product-driven), it tends to tell the customer how things are,” Hyden says. “But with the level of competition increasing all the time, that approach no longer works. Customers can walk down the street and find someone else who offers what appears to be exactly the same thing.”

He urges maintaining an “outside-in” focus through the following techniques:

- **Model the behavior.** Create an environment where employees can make decisions at the tactical level. Leaders need to model the behavior they want employees to exhibit, *not* the “do as I say, not as I do” model.
- **Know your customer.** Allocate time to go out and meet with customers and suppliers.
- **Manage out, not up.** If an employee’s orientation is focused on pleasing the boss, he or she won’t focus on pleasing the customer.
- **Put customer service first at your management meetings.** If you always ask questions about cost cutting or meeting the budget, your management team will focus on these items, not on customers.
- **Catch employees doing something right.** Praise customer-focused employees in public.

The first question every customer asks (or thinks) is: “What’s in it for me?” To keep the focus where it belongs, the Vistage speakers offer these tips:

- **Guarantee your products and services.** Stand behind everything you do or make. Otherwise, what possible reason can anyone have to buy from you? Assure customers that if and when a problem occurs, you’ll take care of it.
- **Offer customer-friendly hours.** Time is precious to everyone. Being open when the customer wants to do business (as opposed to when *you* want to) generates tremendous goodwill.
- **Make on-the-spot decisions.** No one wants to hear, “Let me check with ... ” or “I’ll have to get back to you about that.” A customer who comes to you with a problem and gets an immediate decision will, more often than not, walk away satisfied.
- **Keep your promises.** In an attempt to outdo the competition, you may occasionally be tempted to over-promise delivery of goods or services. Don’t do it! Make promises you know you can keep. Your customers will appreciate it.
- **Bring customers into the loop.** You’re the expert at what you provide. Why not offer added value to customers with insights into what’s new and how upcoming products/services will benefit them? This kind of “insider information” can include news about changes in the marketplace or new government regulations. Having advance information (and the willingness to share it) adds genuine value to your product and services.
- **Recognize long-term customers.** Be sure to acknowledge your loyal customers. No one wants to feel that they’re being taken for granted.

The Little Things Count, Too

Look closely at how your company functions. Without exception, there’ll always be ways to “tweak” processes and improve the chances that first-time customers will become customers for life. Among the possibilities:

- **Respond promptly.** In the course of your busy day, email and voice messages tend to stack up like so many jets circling a busy airport. But if you don’t respond promptly to customer inquiries, what message are you sending?
- **Offer toll-free access.** Even in the era of cell phones with nationwide coverage, providing a toll-free number demonstrates that you want to do everything possible to make it easy for customers to connect with you.
- **Offer an email address.** In the same “user-friendly” spirit, be sure to include an email address on all of your business-related materials.
- **Keep invoices simple and easy to read.** Your business depends on payment. Payments start with invoices. Why risk annoying customers with invoices that are poorly organized and difficult to read? Take the time to design a customer-friendly invoice, maybe even including a “helpful tip” along with “amount due.”
- **Personalize your communications.** Whenever possible, personalize any communications to customers. No more “Dear Sir” or “Dear Madam.” Check to make sure that customers’ names are spelled correctly, and then check again.

Finally, do everything you can to minimize the hassles that customers experience when seeking repairs or refunds:

- **Insist on quality.** You won’t make any friends by stocking products that continually break down.

- **Set service hours that meet customer needs.** When do calls for repairs come in? Track these calls and staff as needed. Being ready when a customer calls means the problem gets fixed faster.
- **It gets done right, or the repair person doesn't get paid.** When customers purchase your product and something goes wrong, they don't want to have it repaired more than once. You can encourage first-time repair success by starting a policy that penalizes repeat jobs. For any repair work that has to be done twice in a four-week period, the person doing the initial repair doesn't get paid. Watch repair success rates climb!

“The goal is doing what’s convenient for the customer, not what’s convenient for you,” Hyden says. “Examine your company’s internal functions. Does the accounting system match your customer’s system? What about invoicing? Order entries? Is your delivery schedule set up to meet your customer’s needs, or does it revolve around when delivery is convenient for you?”

Expert Practices -- 9 KPIs for Measuring Customer Satisfaction

Most businesses measure success by traditional key indicators like profit margin, sales and accounts receivable. The problem is, according to Vistage customer retention expert **Howard Hyden**, these indicators measure what's happened in the past, rather than what's likely to occur in the coming months and years. "Managing a business this way," he says, "is like driving a car by looking in the rearview mirror."

What's more, these indicators measure what's in it for the business. The real challenge lies in measuring what's in it *for the customer*.

Vistage speaker **Chuck Reaves** suggests reversing traditional measurement standards to reach a more accurate assessment of where the business stands.

"Take the standards your company normally uses and reverse them," he says. "For example, instead of measuring defects per unit, measure units per defect." Whatever the method, set your company's standard for 100 percent quality: "If your corporate culture allows for a certain number of defects, you'll end up with those defects. And more."

Other useful measurements are found in analyzing customer behaviors:

- Number of referrals generated from current customers
- Level of repeat business from current customers
- Rate of customer complaints

"Look closely at key operational data," advises Vistage expert **JoAnna Brandi**. "Check the status of your product backlogs and how often you're out of stock. If these numbers are significant, it's likely your customers have been dissatisfied with your delivery cycle time at one point or another."

The same principle applies to refunds and returns. When these figures are high, it's a clear indication that customers are unhappy with your product. Either its quality is substandard or customers feel you've misrepresented its claims to value; in any case, you have a problem.

Establish benchmarks that assess quality on a continual basis. "Quality benchmarks should be measured in small increments that can be tracked quickly and efficiently. The first benchmark should be very short-term, preferably same-day."

This may seem like a time-consuming approach, but it's far preferable to waiting until the end of the fiscal year to assess the quality of your products or services.

Customer-Friendly Policies

To supplement your benchmarking processes, Hyden recommends these "future customer-focused" key indicators:

1. **Time to answer inquiry** — How long does your business take to respond to a customer's inquiry (a request for information, response to an ad, etc.)? Studies show that a customer lead loses one percent of its potency for each day it remains unanswered or unfulfilled. Responding quicker than your competitors translates into a clear advantage.
2. **On-time delivery** — If your product doesn't get to the customer when he/she needs it, the value of that product is diminished severely. Promising a certain delivery date and not sticking to it lends the perception that your company is incompetent and doesn't place a high value on pleasing its customers.
3. **Volume by customer** — Track customer sales by dollars or units per month and see if key customers are starting to order less frequently; this could indicate they're giving business to a competitor. Also, it's important to track your customer growth rate. Customers may be growing significantly, but if the number of orders from them isn't increasing, you may be missing a valuable growth opportunity.
4. **Error rate** — How many mistakes are made when entering customer orders into your computer tracking system? These errors often translate into wrong products being shipped and/or increased delivery time.
5. **The 80/20 rule** — In most businesses, 80 percent of profits comes from 20 percent of customers. At a minimum, companies should track their top 20 percent of sales to see if they're growing, staying flat or on the decline.
6. **System up-time** — This measures the percentage of time a company's equipment is up and running in the customers' environment. If the product constantly breaks down or is unreliable, it severely reduces the value of the product or service in customers' eyes.
7. **Returns/rejects** — This indicator focuses on how many products customers return or reject.
8. **Unused product** — This lets you know which items aren't effectively fulfilling a need or purpose.
9. **Referral rate** — This measures the percentage of business originating from referrals. It also sums up your overall success rate at creating value for your customers.

Determine which customer-focused key indicators you want your business to measure and quantify. Then establish a baseline of current performance, and set goals to increase performance in these critical areas.

Expert Practices -- Making a Good First Impression on Your Customers

In his book, “A Moment of Truth,” Jan Carlzon, former president of Scandinavian Airlines, writes: “Anytime a customer comes into contact with any aspect of your business, however remote, they have an opportunity to form an impression.”

These “moments of truth,” he writes, can make or break your company.

Vistage customer retention experts **JoAnna Brandi**, **Howard Hyden** and **Chuck Reaves** endorse this insight. They describe these moments as a process that begins when the customer walks in the door or picks up the telephone to call. This process lasts through several crucial stages.

- **Beginning** — This is the moment when the customer first comes into contact with your staff, your systems and other aspects of your entire organization. At the very outset, customers make certain basic, intuitive value judgments about your employees and your business.
- **Middle** — As the service experience continues, the customer continues to have more opportunities to judge your business.
- **End** — By the time the transaction is completed, the customer has formed an opinion about your business. For some, the process boils down to two simple questions: Was this a good experience? Would I come here again? Other customers are more analytical: What went right? What went wrong? What did I like and dislike about my experience with this company?

How can a business enhance these moments of truth and make the most of them? Reaves starts with the greeting.

“It may seem obvious, but businesses frequently overlook how the first impression sets the tone for the rest of the customer’s experience,” he says. “If the experience is positive, the customer stays and often ends up making a purchase. If the experience is negative, you may never see that customer again.”

Hyden adds: “Your employees’ first responsibility is to make customers feel special. A customer-focused company recognizes that it’s not in business to deliver a product or service, but to enable people to reap the *benefits* of that product or service.”

Customers don’t purchase products or services for what they are, Brandi says, but for the benefits they provide. Rather than going on at length about your product’s many features, explain to the customer how it benefits them. Does it satisfy their needs? Does it solve a problem or provide value? “This is what the customer wants to know,” she says.

Meeting Customer Expectations

Customers who deal with your organization have certain expectations. Moments of truth are inextricably linked to these expectations. According to the Vistage experts, these expectations include:

- **Ambience** — Customers expect to find clean, comfortable and attractive surroundings. They expect to be greeted warmly by well-groomed, professional-looking employees. They expect to be served immediately and competently.

- **Quality** — Customers expect quality in every part of your business, from the way your staff treats them to the product itself.
- **Solutions** — You're expected to stand behind the product you sell, to be an expert in this area. Your customers will have questions. You should have answers.
- **Reliability** — The customer expects your product or service to be reliable and dependable. A sense of confidence grows out of this expectation and can lead to more business.

"It's no longer enough to meet these expectations, you have to exceed them," says Reaves, "and you have only a finite number of opportunities to do so. The key is identifying these moments *as the customer sees them*, not as you do. If you're successful, you've likely won their loyalty for life."

Expert Practices -- The Value of Customer Service

“If a customer feels like he’s part of a genuine partnership with your business, he may not care all that much about price,” notes Vistage speaker **JoAnna Brandi**. “On the other hand, if the relationship offers little value, customers will go elsewhere and buy for the lowest price. Saving money this way, they can afford value-added services somewhere else.”

Successful businesses place a high priority on delivering quality service. These businesses recognize that service itself is a product — “a product that’s sold every time the customer has contact with an employee,” says Vistage speaker **Howard Hyden**.

“Service” as a product? Between rival businesses offering the same goods at comparable prices, it’s often the crucial differentiator.

“Under-promise and over-deliver,” says Vistage expert **Chuck Reaves**. “Promise only what it takes to gain the customer’s commitment and then deliver 100 percent. If you promise 100 percent and deliver 100 percent, you’ve only met expectations. If you promise 80 percent and deliver 100 percent, you have exceeded expectations.”

Service:

- Must be produced upon demand
- Can’t be “recalled” like a malfunctioning toaster (you can apologize for bad service, but by then the damage may already be done)
- Is experienced by the customer at the moment it’s delivered (there’s no opportunity to take a “time out” and consult with management)
- Is subjective (because each person’s notion of “good service” differs, your staff should be skilled and flexible enough to deliver it in a variety of shapes and sizes)

“Good service shouldn’t be offered as an emergency response to a crisis or as an interim strategy to prop up sagging sales,” says Brandi. “It must be ongoing, credible and fully supported by senior management.”

How Customer Service Benefits Your Company

According to the Vistage customer retention experts, providing value not only serves the customer, it benefits your organization, too. Among the benefits:

- **Greater efficiency.** Focusing on areas that directly affect customer satisfaction requires businesses to use their resources more efficiently. “An effective customer service program forces the business to concentrate on what’s most important to the customer and away from the day-to-day distractions of the marketplace,” Hyden notes.
- **Cost effectiveness.** According to the U.S. Department of Consumer Affairs, the cost of gaining a new customer is roughly five times more than the cost of keeping one. (That’s because consumers spend slowly at first, but increasingly more after years of good experiences.) With a mere five percent rise in customer retention, a company’s profitability can jump by 25 percent or more.

- **Increased morale.** When the CEO, senior management, mid-level management and front-line staff are “in sync” on the importance of customer service, everyone shares a common purpose and goal. The result: enhanced employee morale and satisfaction.

“Too often, senior management looks at customer service as an expense item,” says Reaves. “We need to start looking at it as a profit center. Expanding your customer service program will actually contribute more to the bottom line than hiring a new marketing director or sales rep.”

Great Service *After* the Sale

In any industry where two or more businesses sell the same goods or services, success is ultimately measured by how well the customer is treated — not only at the time of sale, but afterwards as well. Treating the customer with dignity adds value and entices him or her to come back again and again. *Repeat customers equal greater profits.*

So how can your business offer great customer service after the sale has been made?

- **Never break a promise.** Honor your commitments. If a shipping delay occurs, keep customers informed on developments. When you communicate in an honest, timely manner, customers tend to be very understanding and patient.
- **Show customers you care about doing business with them.** People respond to businesses that are friendly, accommodating and interested in them. Show you care by sharing current product information and helping when customers need further assistance.
- **The customer can teach you about your business.** “When a customer comes to you with a perception about your business, whether it’s accurate or not, it can tell you something,” Reaves says. “After all, aren’t customers the ultimate goal of your advertising, distribution, pricing, marketing and sales efforts? What they say reflects how well you’re achieving what you set out to do.”
- **Help with problems, don’t evade them.** When a customer comes with a problem to your front-line staff, they should *never* pass it on. Customers don’t want to hear, “That’s not my job.”
- **Never too busy to help.** Never let your customers feel like they’re intruding on a staff member. Your employees’ priority should always be to help the customer and deliver outstanding service.
- **Think ahead.** It’s not enough to simply meet your customers needs today. You must always be thinking ahead, anticipating customers’ future problems and desires. Waiting for the customer to bring these concerns to you means you’re simply too late.
- **Every employee counts.** Ultimately, *every* employee is responsible for customer satisfaction and well-being. When employees fail to work together, sooner or later the customer is negatively affected.

Expert Practices -- Employees: Your Internal Customers

“The customer comes first.” “The customer is always right.” Countless hours and dollars are spent propagating these time-honored principles. But how many businesses overlook the need to develop good *internal* customer service — the care and nurturing of first-rate employees who, after all, are hired to do whatever it takes to get and keep a customer’s business?

The answer, according to Vistage experts **JoAnna Brandi**, **Howard Hyden** and **Chuck Reaves**, is “not nearly enough.”

“Employees are an organization’s human capital,” Hyden says. “They may represent a company’s top expense, but this money is being woefully misspent. Hire all you want, but without proper selection and training, you’ll miss an enormous opportunity to leverage the investment you’ve already made.”

Because salespeople and support staff often represent a company’s public face, Reaves notes, these individuals can make or break a business. “Salespeople should be hired on the basis of their desire to serve customers as well as for their professional skills,” he says. “Then give them the resources to do just that.”

“Most companies today simply don’t invest time up-front understanding what type of people thrive in their corporate cultures and what they need to take good care of customers,” Brandi says. “Know specifically the kinds of attitudes and skills you’re looking for. In such positions as sales or telemarketing, it makes sense to do some testing. Qualities like patience and empathy — key customer caring skills — can’t be taught. A person either has them or doesn’t.”

She offers these additional tips to facilitate the hiring process:

- Design a profile of the type of person you feel is best equipped to serve your customers.
- Incorporate the latest behavioral hiring techniques as part of the interview process.
- Make sure several staff members interview the applicant.
- Check references.

“Outstanding service gets noticed,” says Hyden. “In the minds of customers, this is what sets your business apart from the rest.”

Training Pays You Back

Hiring the right “customer-focused” employee is only the first step. What happens during orientation and training is equally important.

“Orientation is where many companies fall short,” Brandi says. “It’s not enough to take a group of new hires on a tour of the mail room and then drop them in their departments. Don’t throw people in the water just to see how well they swim. That outmoded management technique sets people up for failure, not success.”

Companies that deliver world-class service have a formal orientation program, a comprehensive employee handbook and numerous ways to introduce a new employee to the company’s culture.

In these organizations, company standards are clearly articulated. Employees know what’s expected of them.

Experienced staff members share their knowledge about implementing these standards in daily business life.

“The training period is the ideal time for people throughout the organization to explain the philosophy of customer care and influence the growth of customer-focused attitudes,” Brandi says.

Creating a Culture of Service

“These days, business as usual is *not* nine-to-five,” Hyden notes. “Whether it’s over the phone or walking in the door, you need to be open when your customers want you to be. That doesn’t necessarily mean 24 hours a day, seven days a week. It means being available when your specific customer base needs to access you.”

First of all, says Reaves, don’t isolate customer care to a narrow department of customer service. “Many companies, even some successful ones, find themselves locked into business processes and organizational structures that make it harder, not easier, to deliver quality customer service.”

What’s needed is a streamlined culture that regards all employees — from the CEO to warehouse workers — as responsible to meet customer needs.

“Job function and job responsibility aren’t the same thing,” Hyden says. “Job descriptions outline what employees should do and how their performances get measured. When an employee encounters a situation that doesn’t neatly fit into this description — but has the potential to negatively affect customer care — it’s that employee’s *responsibility* to see that the customer is treated properly.”

Encouraging this attitude assures that employees won’t fall back on the most customer-maddening excuse of all: “It’s not my job.”

“Obviously, the best way to encourage responsibility is by treating employees and their positions with respect,” Brandi urges. “Your front-desk receptionists have contact with all of your current and potential customers. Are you doing everything you can to make this position worthwhile and meaningful?”

To motivate employees, offer:

- Challenging work
- Salaries that recognize the employee’s contribution to the company’s overall success
- Input into decision-making about company policy, work scheduling, hiring or customer relations
- Praise, recognition and rewards

Setting the Right Example

Keep in mind that senior executives and managers — those with authority over front-line staff — set the example. The manager’s job is to make sure his or her team provides good service. But is staff being supported when there’s a problem? Some managers are quick to blame employees or rush in to deal with customers themselves, but this sends the message to everyone involved that the employee has failed. According to the Vistage experts, this is definitely the wrong approach.

Hyden offers these tools and techniques for managers:

- **Model the behavior.** Managers must strive to become leaders. Managers control things; leaders create an environment where employees can make decisions at the tactical level.
- **Know your customer.** Set aside time to meet with customers and suppliers. Get involved in the marketplace.

- **Manage out, not up.** If your employees' orientation is to please the boss, they won't be focusing on the customer.
- **Put customer service first at your management meetings.** Ask questions about your customers. If you always ask questions about cost cutting or meeting the budget, your management team will focus on those issues first.
- **Catch them doing something right.** Look for employees doing things right and praise and support them. Do it in public and give them lots of praise.

"It all revolves around motivating employees to focus their efforts on the customer," Hyden says. "If employees are indifferent to customers, don't look to them for the reason. Look to yourself and your managers."

Do your managers show up late for meetings? Are they delinquent in conducting employee performance reviews? If so, it's not a mystery why product deliveries are ending up late or invoices are going out incorrectly. Says Hyden: "Your management staff is modeling bad behavior."

No business can afford to be indifferent to customers. No business can afford management indifference toward employees. "Look for things your managers do that kill the right employee behaviors," Reaves says. "Then change these things — the sooner, the better."

The same goes for employees supporting each other. "In general, people don't work alone," Brandi says. "If one staff member needs information from another and it's not delivered on time, the result is a late product delivery to the customer. Mistakes like these prompt employees to cover their own butts and blame others. No one takes responsibility for a missed deadline."

"The best managers support their employees and provide whatever backing they need," Reaves explains. "Instead of looking for fault, they help find solutions. This way, the customer is happy, the employee hasn't lost dignity and, hopefully, learns how to do better the next time around."

Customer Focus 24/7

Focus on customer service — and focus hard. Constantly ask yourself and your staff: What have we created of value today? What can we do better than we did yesterday? When you apply laser-like attention on what really counts, your employees start noticing when they provide quality service and when they don't.

Brandi advises that CEOs and senior management encourage customer focus by:

- **Paying attention to culture.** Encourage staff to look at other companies' cultures, i.e., during visits to WalMart, Costco or their local supermarkets. The more you get people talking about customer issues, the more you get problems out into the open and start making improvements.
- **Sending the staff shopping.** Give money to members of the staff — along with a checklist of service behaviors to watch out for — and send them out to be someone else's customer. Then have these individuals return and report on what they've found. ("And, yes, let them keep what they buy. It's the cheapest form of service consulting you'll ever find.")
- **Making experts of your staff.** As you continue adding value to customers and employees, you have more money to invest in training and information. Build a company library. Make educational books and tapes available to everyone. Place business magazines in the lunchroom where they can easily be read and discussed. The more you invest in your employees, the more loyalty you get.

Instead of an emphasis on cost cutting, customer-focused businesses stress the positive note of creating value — a company's "invisible element," says Brandi. "Leaders focus attention where it genuinely matters. Profits happen anyway."

Expert Practices -- Customer Service Makes the Difference

No one in the business world needs to be told: Competition is fierce. Businesses scrambling to set themselves apart through traditional feature and cost advantages are discovering, however, that the old ways don't work anymore. In the customer's eyes, if all companies are more or less the same, it doesn't really matter where they spend their money.

For any thriving business, that attitude spells disaster.

"Product quality no longer guarantees a competitive advantage," says Vistage customer retention expert **Howard Hyden**. "Today, it's a commodity; the customer expects it. When all products are the same, the only thing the customer sees is price. You have to find a way to differentiate yourself from the competition."

According to Hyden and fellow Vistage customer retention experts **JoAnna Brandi** and **Chuck Reaves**, businesses are increasingly finding that *employees* can be that competitive advantage.

"In today's customer-focused environment, employees must be 'on' every hour of every day that they're on the job," Brandi says. "Customers expect nothing less. They don't care if an employee isn't feeling well or has some personal problems. They expect — and deserve — to be treated at a high level."

All too often, the sentiment is: "I'm just a receptionist" or "I'm just a truck driver." But saying "just" makes this a self-defeating statement, Hyden notes.

"Turn the idea around," he advises. "Make it clear they have to be a better receptionist or a better driver than their counterparts at a competitor's business. As soon as they realize this, it becomes more important to them and a greater challenge. People respond to the challenge!"

Outstanding Service as a Way of Life

Hiring employees with the skills to deliver outstanding service is absolutely crucial. The key is consistency: Providing excellent customer service as a fundamental way of doing business. In this way, says Brandi, you gain another valuable advantage: You spoil your customers, and they're no longer satisfied with anything less than the best.

"This kind of service reinforces the customer's choice to do business with you," she says. "If they go to your competition, they'll not only expect, but demand, the same high level of care. When they don't get it, they stay loyal to you."

According to Hyden, outstanding service requires:

- A sincere commitment to serve current and prospective customers at the highest possible level every time;
- Clearly articulated policies about how customers should be served, as well as a system of accountability for enforcing these policies; and
- A culture that requires serving customers consistently in a manner that not only meets their expectations, but often *exceeds* them.

"Achieving outstanding customer service involves hard work and attention to detail," he says. "It's what sets your business apart and keeps customers coming back again and again for your goods and services."

Expert Practices -- What Do Your Customers Think?

Offering quality service to customers isn't a mysterious process. Customers who interact with your organization every day are the ideal source for the feedback you need to stay in business.

That's the verdict of Vistage customer retention experts **JoAnna Brandi**, **Howard Hyden** and **Chuck Reaves**. They say there are numerous ways to learn what your customers want; it's important, first and foremost, that you take the time to listen.

"Teaching employees to ask insightful questions helps you form a vivid picture of your customers' needs," Brandi says. "It's easier to be compassionate and empathetic when you know the whole picture."

In the same respect, it pays to go out and observe customers in their "natural habitat." Says Hyden: "Spend time with your customers. Get to know their business and ask them: 'Is my product serving your needs? If not, how would you design it differently?'"

A surprising number of businesses initiate wide-ranging customer service programs without ever talking to their customers. According to Reaves, "Your internal records may suggest you're doing a great job, but the only voices worth listening to belong to your customers. Find out what they want, provide it on a consistent basis and ask them how well you're doing."

"Listen and learn" sources include:

- **Customers.** For many businesses, the person who purchases your product or service isn't necessarily the one who uses it. To get a clear picture, always talk to the end-user.
- **Sales representatives.** Often, sales reps are the organization's eyes and ears. Based on their firsthand contact with customers, they're sure to have valuable insights for the business.
- **Ex-customers.** Track down former customers and find out why they no longer do business with you. (A tip: Send a box of chocolates or a basket of fruit along with your survey!)

"Customer service is all about exceeding customer expectations as defined *by the customer*," Reaves says. "To know what customers want and expect, you have to ask them!"

To Survey or Not to Survey?

Surveys are an effective way to gauge customer satisfaction about your products or services. They also can measure the importance customers place on specific characteristics of these goods — which in turn offers additional information on where to focus your customer-retention efforts.

"Surveys are relatively simple and inexpensive to use, but to be truly effective they must have clear and precise goals," Hyden says. "Vaguely worded or broadly categorized surveys may generate a great deal of information, but very little of it will be useful."

Certain factors influence customers' responses to surveys:

- **Phrasing.** A question phrased in positive terms (“How satisfied are you?” vs. “How dissatisfied are you?”) usually provokes more favorable responses. The majority of customer satisfaction survey questions are phrased in positive terms.
- **Timing.** It’s often as important *when* you survey customers as *what* you survey them about. Studies indicate that surveys conducted immediately after a purchase evoke more favorable responses than surveys administered at a later time.
- **Refusal to admit a mistake.** Many customers believe that giving a low satisfaction rating reflects badly on their own buying habits. They don’t care to admit they’ve made a bad decision about a recent purchase. As a result, they often compensate by giving higher-than-average responses.

Because of their give-and-take format, focus groups can generate better information about customer satisfaction. They allow businesses to probe beneath the surface and get a clearer understanding of why customers perceive their organization the way they do. However, focus groups are time-consuming and more expensive than surveys to administer.

“Ideally, a combination of surveys and focus groups produces the best results,” Brandi says. “Remember, the information you gain helps direct your future customer retention efforts. Having satisfied customers is a good first step, but more effort is needed. Don’t equate satisfaction with loyalty.”

Feedback Is All Around You

Building a loyal customer base is like building a family or partnership. Like family members and business partners everywhere, customers want a say in what’s going on. When they are invited to “participate” in your business, customers commit themselves to a sense of ownership and loyalty.

Encourage management and front-line staff to take a comprehensive approach to gathering customer feedback. Instances include:

- **Point of purchase.** There’s no time like the present — the moment when the transaction is taking place. Ask the customer, “Was everything to your satisfaction?” Better yet, ask: “Was everything perfect?”
- **Order forms.** Include a “comments” section on your order forms, making it easy for customers to provide feedback. Try this on your invoices as well.
- **Newsletters.** Solicit letters from your customers and print them in your organizational newsletters. This demonstrates your interest in their attitudes and your desire to share their thoughts with employees and others.
- **Report cards.** Simple, easy-to-use “report cards” (like those used by hotels and restaurants) offer instant feedback from customers doing business with you. Be sure to offer the additional option of having them mail the reports back in a prepaid envelope.
- **Voice mail.** With today’s technology, there’s no excuse for not having a dedicated “customer feedback hotline.” Let your customers know that all messages on this hotline will be heard or read by senior management and by all employees with direct customer contact.

“Gathering feedback from a variety of sources results in an objective, comprehensive picture of who your customers are, what they want and how you can better serve them,” Reaves says.

Hyden adds, however, that collecting customer feedback is only half the battle. “All this data should be closely analyzed and shared with the staff in an organized, accessible manner. Otherwise, it’s useless.”

Expert Practices -- Turning Customer Complaints into Opportunities

A recent study by the Technical Assistance Research Programs Institute offers revealing insights into customer discontent:

- The average customer with an unresolved complaint tells nine to 10 people about the experience; 13 percent tell more than 20 people.
- For each unhappy customer heard from, the average business has 26 others it *never* hears from.
- Up to 70 percent of complainers will return to your business if their complaints are resolved. Up to 95 percent return if the problem is resolved quickly.

According to Vistage customer retention experts **JoAnna Brandi**, **Howard Hyden** and **Chuck Reaves**, complaints should be viewed as opportunities — a chance to learn what customers don't like about your product or service, and a chance to find possible solutions to the problem.

“The number of complaints you receive is important, but so are the *types* of complaints,” Hyden notes. “Analyzing this information enables you to re-engineer parts of your business that may be in danger of failing.”

Customers should always feel that you're on their side, adds Brandi. “Let them know you're here to help, not to argue, defend or disagree.” Toward that end, here are helpful phrases for front-line staff to use when faced with a customer complaint:

- “I'm very sorry to hear that. Please tell me exactly what happened.”
- “I understand your frustration. Let me be the one to help you.”

Phrases to avoid:

- “It's not my fault.”
- “This has never happened before. Are you sure that's what happened?”
- “We can't do anything over the phone. You have to write, fax or come in personally.”

Reaves offers additional suggestions for coping with unhappy customers:

- **Reward the customer.** The first thing to say in response to an angry customer? “Thank you for bringing this problem to my attention.” This “rewards” the customer for taking the time to contact you in the first place.
- **Be positive.** The disgruntled customer represents an opportunity for positive change — not an annoying problem.
- **Stay calm.** Yes, these can be stressful situations, but remember: You're here to serve the customer. This is your chance to show what you can do!
- **Listen.** Pay close attention to what the customer says. He'll be able to tell — even through his irritation — that you care about his complaint and that you value his business.

Resolve the Problem — Fast!

A prompt response is by far the most effective way to neutralize customer complaints, say the Vistage experts. “Position yourself as a champion for the customer within your organization,” Brandi advises. “After the problem is fixed, give the customer a little more than he expects.” (Customers will remember and appreciate your efforts.)

“Unhappy customers share their displeasure with many other people,” she says. “On the other hand, these same customers — when genuinely satisfied with what you’ve done on their behalf — become great advocates for your business.”

Hyden shares other techniques to quickly resolve customer complaints:

- **Show your concern.** When a customer has a complaint, listen with empathy. Don’t interrupt or assume you understand the problem before the customer is through describing it. You may have heard this complaint many times before (and if so, what does *that* tell you about your company’s product or service?), but let the customer’s speak his or her piece.
- **It’s up to the employee.** What’s the last thing an unhappy customer cares to hear? “Sorry, that’s not my department.” If the customer chooses to voice his displeasure to your employee, then he or she is now the company’s representative. Your employees must take the time to listen and understand. Fix the problem; if they can’t, guide the customer to the person who can. They should remain that customer’s advocate until the problem has been resolved.
- **It’s not a shouting match.** No matter how angry the customer gets, Reaves adds, don’t get drawn into a shouting match. Quietly reassure the customer that you are here to help.
- **Put it in your own words.** After hearing the customer out, repeat the complaint in your own words. This way, everyone is satisfied that you’ve heard the complaint correctly, and the customer will more likely believe you when you say you’ll work hard to get the problem resolved.

Whatever the situation, make sure it’s taken care of. Nothing kills customer loyalty faster than not following through on problem resolution.

“When something goes wrong, customers don’t really care who’s to blame,” Reaves says. “They just want the problem corrected. The longer they feel ignored, the longer they see nothing being done, the greater your long-term damage. Your staff should be sufficiently empowered to see that this never happens.”

Expert Practices -- The Customers Who Got Away

It may sound strange, but businesses do have a choice when it comes to selecting which customers they wish to do business with. According to Vistage customer retention expert **Howard Hyden**, not all customers are a good “fit” for your business.

Nevertheless, you should be very careful about whom you fire and who to hang onto.

“I believe in firing customers under two circumstances,” Hyden says. “First, only the CEO and/or senior management can do it. Secondly, a customer can only be fired for just cause.”

What is “just cause?” According to Hyden, this occurs when a customer becomes unprofitable, or asks you and your company to do something immoral, unethical or illegal. “That’s it,” he concludes. “No other reason justifies such a drastic action.”

Stemming Customer Defections

Hyden and his fellow Vistage customer retention experts **JoAnna Brandi** and **Chuck Reaves** agree: Thriving businesses should have a strategy in place that gets the most out of customer defections.

“The battle for market share and success is fought on the front line,” Reaves says. “If customers are defecting in significant numbers, first consult your front-line staff. They know how people feel about the company and can, if properly trained, observe what’s going on around them, as well as offer keen insights and possible solutions.”

It’s worth your time and effort to understand why customers defect. Says Brandi: “Your fifth-year customer is worth four times more than the first time she did business with you. When she leaves, she takes her referrals and *your profits* with her.”

What to do? “First, figure out why the customer stopped doing business with you,” Reaves says. “Be open to feedback about your company. Seek concrete, specific information that will lead to genuine product or service improvements.”

“When customers say, ‘I’ll never do business with you again,’ what they’re really saying is that you have to earn their business back,” Hyden contends. “Given enough time and energy, you can do it. You have to decide if it’s worth the effort.”

Member Practices -- Displaying Customer Care

Member: *Jim Wilcox*(Vistage 373)

Member Best Practice: *Taking a careful approach to all customer calls.*

Benefit: *Present a highly favorable impression to current and potential customers.*

As a member of a successful team, we believe that it's important to take care of each other. This includes business and personal messages. The better we take care of each other, the more we all enjoy the work, and the more successful and happy we will be.

We try to take care of people who call us, whether they are customers, lenders, title companies, realtors, investors, vendors, competitors, prospects, ex-employees, other office people, etc. The idea is that we would like to build a reputation of being on the ball, caring about others, and doing a super job.

I like to think that if we follow these principles, we will be as good at our business as any company in the world. Now, to do this it takes a lot of effort and focus. When somebody is interrupted by a phone call, it is human nature to KILL it as fast as possible. That means putting the caller on voice mail, giving them another person, giving them a number to call, etc. But, that isn't always going to work. The caller has to keep trying and will feel as though his or her call isn't considered important.

So, the message has to be passed on more actively. For example, you might call the person and help answer his or her question. The idea is that the caller gets the feeling that you care. Whenever I receive this kind of treatment, I immediately infer that the people involved are outstanding at taking care of business and taking care of each other. The additional inference is that *any company that cares that much will be a good company to buy from and a good company to work for*. If the caller is a lender, the caller will think it's a good company to loan money to. If the caller is a seller, it will seem like a good company to sell to. If the caller is an investor, it will seem to be a good company to place more money with. There is no end to the positive results that come out of a careful approach to phone calls.

Now, it may be that the receptionist or the secretary is expected to do this work. However, the system doesn't work like that anymore. In many offices, there are no receptionists or secretaries and, where there are, their time is extremely valuable also. So we all have to be a secretary and a receptionist all the time, every day.

You may sometimes feel that what you're doing is more important than an incoming call. Or you may not wish to make the extra effort because the other person doesn't do the same for you. We have to do our best to avoid that feeling, and we have to try to train new people immediately about this philosophy. Those who won't accept this idea generally won't last, I am sure.

There is a sense of urgency implicit in this approach to a call. Sometimes there may not be a need for urgency. But it's hard to tell how urgent a call is, and often the caller will downplay the urgency. Don't accept a lack of urgency. I think it's best to treat each call as an urgent one. Once in a while there will be a big payoff, and a purchase or a sale will be made because of this sense of urgency.

Tools & Analysis -- Self-Assessment Checklist: Customer Retention

How do your customer service and retention policies match up against our Vistage experts' best practices? To find out, print this checklist and mark which of the following practices you regularly perform.

Self Scoring Guide: For each section below, scoring is as follows:

1 or less = serious problem area.

2 = area needs major improvement.

3 = area needs moderate improvement.

4 = area needs minimal improvement.

5 = world-class!

Building Customer Loyalty

_____ We've created an environment where employees can make decisions about customer service at a tactical level.

_____ Time is spent meeting with customers and suppliers.

_____ We offer customer-friendly business hours.

_____ We share advance information on goals and services with customers.

_____ Customer needs take priority over internal needs.

Measuring Customer Satisfaction

_____ We establish benchmarks that assess quality on a continual basis.

_____ We measure response-time to customer inquiries.

_____ We track customer sales and customer growth rates.

_____ We track the behavior of the top 20 percent of customers (based on the principle that 80 percent of profits comes from 20 percent of customers).

_____ We design new products and/or services based on the (good and bad) feedback we get from customers.

Meeting Customer Expectations

_____ Employees are empowered to make customers feel special.

_____ Customers find clean, comfortable and attractive surroundings in our business.

_____ Our front-line staff members emphasize the *benefits* of the product, rather than the features.

_____ We stand behind the product/service offered and serve as an expert in this area.

_____ We not only meet customer expectations — whenever possible, we *exceed* them.

The Value of Service

_____ We focus on processes and operations that directly affect customer satisfaction.

_____ We listen to customer comments about the business.

_____ Front-line staff members handle problems brought by customers, rather than automatically passing them on to higher management.

_____ Employees throughout our organization realize that they have an impact on customer satisfaction.

_____ We work to anticipate customers' future needs, not just present needs.

Taking Care of Employees (Internal Customers)

_____ Design a profile of the person you feel is best equipped to serve your customers.

_____ We hire salespeople based on their desire to serve customers as well as their professional skills.

_____ We clearly articulate customer service standards to new hires.

_____ We treat all employees and their positions with respect and dignity.

_____ We offer educational materials to employees so that they can become experts in customer service.

What Do Your Customers Think?

_____ We teach front-line employees to ask insightful questions to help form a clear picture of customer needs.

_____ We discuss customers with sales representatives who have first-hand contact with them.

_____ We contact former customers to find out why they no longer do business with us.

_____ We actively survey customers on specific characteristics of our product/service.

_____ We include a "comments" section on our order form, making it easy for customers to provide feedback.

Tools & Analysis -- Facilitator's Guide to Customer Retention

Vistage Best Practices modules provide a fertile source of discussion ideas during executive sessions and all-day issue sessions. The following are some suggested discussions from the Vistage Customer Retention module.

What Kind of Company Do You Run?

Prework: Have members read “[The New Era of Customer Retention](#).”

Exercise: Ask each member to identify which type of “customer-friendly” category they belong in, and why.

- **Company A:** Offers sporadic customer service training, but views it as an unnecessary expense.
- **Company B:** Strives intermittently to project an image as customer-focused, but sets this aside when another new business trend comes along.
- **Company C:** Knows that providing quality service generates sales appointments and regards customer service as a “value-added” component.
- **Company D:** Has long track record of providing great customer service, but constantly seeks ways to be even better.

Focus on Customer Service

Prework: Have members read “[How to Build Long-Term Customer Loyalty](#)” prior to the meeting.

Exercise: Ask each member: Do you maintain an “outside-in” focus on customer service by:

- Creating an environment where employees can make customer-service decisions at a tactical level?
- Allocating time to meet individually with customers and suppliers?
- Offering customer-friendly hours?

Following through on all promises made to customers?

Customer Satisfaction

Prework: Have members read “[9 KPIs for Measuring Customer Satisfaction](#).”

Exercise: Ask members if they benchmark customer satisfaction through these key indicators:

- **Time to answer inquiry.** How long does your business take to respond to a customer’s inquiry?
- **On-time delivery.** Does your business promise a specific delivery date and stick to it consistently?
- **The 80/20 Rule.** Do you track your top 20 percent of sales to see if they’re growing, staying flat or on the decline?
- **Returns/rejects.** Do you know how many products customers return or reject?

Tools & Analysis -- 20 Tough Questions about Customer Care

Businesses all over the world are waking up to the notion that in order for employees to provide the level of “caring” they want their customers to experience, companies had better start caring more about providing a work experience that is rewarding and even fun. So here are 20 tough questions for you to take to your next management meeting to raise the issues and consciousness of your organization.

1. Is the level of trust in our organization high or low?
2. How do we help individuals cultivate a feeling of pride in their work?
3. When we delegate responsibility, do we also delegate authority along with it?
4. Is a participatory process in place that encourages employees' input in matters that affect their future?
5. Knowing that creativity and innovation are critical in a globally competitive economy, is training and development an important part of our strategic plan?
6. What methods do we use to show people we appreciate them and their work?
7. What mechanisms are in place to reward the kinds of customer-caring behavior we want to see repeated?
8. Do employees really believe that open and honest communication on their part will not damage their careers here?
9. What are we doing to encourage people to constantly think “continuous improvement”?
10. What flexible work practices are in place to accommodate workers' growing need for family balance? Are people able to use these options without fear of recrimination? Are people who believe balance is important still considered serious candidates for advancement?
11. What are the five most important values in our organization? How do they get demonstrated by our management and staff every day?
12. On a scale of one to 10, how much real, honest-to-goodness fun are people having in our organization?
13. What five things do we have in place to support “wellness” in our organization?
14. What are we doing to foster “emotional literacy” in our management team?
15. If we ask our employees to take risks, are we wholeheartedly accepting their failures (learning experiences) as well as their successes?
16. Do we really believe our employees are capable of being fully empowered? If not, what's missing?
17. Are there negative consequences when an employee decides to please the customer rather than please the boss?
18. Have we changed our corporate definitions of success to encompass non-monetary factors like job satisfaction and individual growth? How do we measure it?
19. Have we recently surveyed the staff to find out how they really feel about working here and whether or not they really have what they need to take “exquisite” care of the customers?
20. What are we doing to support the people who will be upset by any economic changes? What system do we have in place to help human beings?

Tools & Analysis -- Customer Sensitivity Quotient

*Are your customers getting the service they deserve? Print this page and answer the following questions “yes” or “no,” to find out how your organization is doing. If your Customer Service Quotient is less than 10, **your customers probably aren’t getting the service they deserve.***

Yes No Do you know what percentage of customers you keep each year?

Yes No Do you know what percentage of customers you lose each year?

Yes No Do you know the top three reasons your customers leave?

Yes No Do you know your customers’ #1 service expectation?

Yes No In the past three months, have you personally contacted 10 former customers to find out why they left?

Yes No Do you (and everyone else in your company) understand the lifetime value of a customer?

Yes No Do you have written customer service quality standards (that your people helped you develop, so they own them)?

Yes No Do you articulate your quality standards in understandable and measurable terms?

Yes No In the past six months, have you checked to see if any of your customers’ expectations have changed?

Yes No Do you know how many members of your staff serve internal versus external customers?

Yes No Are your customer service performance standards tied to any incentives?

Yes No Is everyone in your company required to take a minimum number of hours of Customer Care training programs each year?

IF YOU SCORED YOU ARE

12	A CSQ legend!	4 – 6	Benchwarmer
10 – 11	A CSQ star!	Below 4	In the penalty box
7 – 9	Jo(e) Average		

Tools & Analysis -- Keeping Customers for Life: 37 Proven Solutions

In today's fast-changing and competitive environment, customer service is essential for success. The number one marketing strategy now and in the future will be directly related to the quality of your organization's service. This is one of the few ways to truly differentiate yourself from the competition.

If you follow these guidelines, all your customer transactions will be positive, memorable and special. Customers will seek you out, stay with you and tell everyone about you.

1. **Reward your customers.** Help them increase their business. Help them on a personal level. Send them a gift. Provide a lead. Get business for them. Help them find an opportunity to satisfy a personal desire.
2. **Use the same services and buy the same products as your customers.** There's no better way to increase loyalty.
3. **Send thank-you cards.** This sounds like common sense, but few companies do this. Send handwritten cards soon after the transaction.
4. **Return phone calls promptly.** Since many people don't return phone calls, you automatically look good when you do.
5. **Do what you say you're going to do**, no matter what the cost in time and agony.
6. **Do it when you say you're going to do it.** Meet all deadlines. Better yet, get it there earlier than expected. Be very clear about deadlines. Watch out for words like "often" and "ASAP." These mean different things to different people.
7. **Under-promise and over-deliver.** To wow your customers, always give more than expected. If you don't do what's expected, people tend to tell everyone how bad you are. If you just do what's expected, no one will get very excited; positive word of mouth will probably be low. By giving more than expected, you create the "wow" feeling that not only brings customers back but also gets them singing your praises to everyone.
8. **Be accessible.** Make sure you are available and willing to help customers whenever there's a problem. Do you have an after-hours phone line? Is your business open for the convenience of you, or your customers?
9. **Be credible.** Do you and your employees express confidence? When customers call in, do you and your staff know what you're talking about? If you can't establish that trust right away, customers may go to your competitors. Call in to your office from time to time to see what information you get and how you're treated. Consider using a mystery shopper.
10. **Appearance counts.** The old saying goes, "don't judge a book by its cover" — but in reality, everyone does. Appearance can consist of word choice. "I would love to find out for you" sounds much better than "I have to find out for you." It can include your dress. Perception is reality; people make inferences about you and your company based on your appearance.
11. **Show empathy.** Treat someone as special and solve his or her unique needs, and that customer will likely come back. The most abused customers are the ones you already have. In many companies, as soon as you get a customer, you congratulate yourself, then forget about it and look for new ones. Instead of forgetting your customers, put yourself in their shoes. Stay in touch and continue to service their wants and needs. The best customers are your current customers.

12. **Have a “goof kit” ready.** It’s not enough to say you’re sorry. People have many choices for the products and services you offer, and they will change. Starbucks served the wrong drink. They immediately made the drink right and gave a coupon for another drink. Use the goof kit *before* customers have a chance to complain.
13. **Get them customers and promote their products and services.** Peat Marwick’s main customer service and marketing strategy is setting up third-party introductions between their clients and people who can use their products and services. By getting business for your clients, you ensure a loyal customer for life.
14. **Do things for the customer’s convenience, not yours.** The easier you make it for the customer to do business with you, the more business you will have. Look at what you can do today and in the future to get rid of the hassle factor.
15. **Send an invoice now and then with “no charge” on it.** You will be remembered. Receiving it unexpectedly has a much larger impact than if they expect it.
16. **Have a customer advisory panel.** The best panels consist of six to 10 people who are the types of customers you want to do business with now and in the future. Let them know their opinions count and be open to whatever advice they give you. Only by knowing your customer’s wants and needs can you grow your business and be totally customer-oriented.
17. **Hire mystery shoppers to find out how good your customer service is.** Have them use your product or service from start to finish.
18. **Pay for dinner now and then.** If you see a client eating out, go over, say hello and pick up the check. Send a container of ice cream as a special thank-you. These unexpected extras show appreciation and build relationships.
19. **Be a resource.** No matter what services or products your customers need, try to find it for them, even if it has nothing to do with your business.
20. **Send them to the competition.** If you can’t provide the product or service when and how they want it, send the customer to your competition. Let your competition know you referred them. They may return the favor in the future.
21. **Kill them with kindness.**
22. **Have a wall of fame and shame.** When customer send letters or emails about complaints they have or great service they’ve received, post them. This will show other employees what good and poor customer service is all about. Delete the employee’s name on complaint letters.
23. **Speak their language.** Watch the jargon you use. If customers can’t understand you, they won’t do business with you. Confused customers will look elsewhere to get the advice they need.
24. **Have a great attitude.** Everything begins and ends with attitude. Poor attitudes affect how you communicate with the customer. One bad experience can result in that customer never coming back again.
25. **Turn customer complaints into opportunities to improve your product or service.** Look at your current system for handling complaints and ask the following questions: What are the main reasons for complaints? How are they handled? Does our present complaint system work effectively? How does it compare with our competitors?
26. **Handle difficult people the right way.** When dealing with difficult people, avoid anger. Angry exchanges change few minds. Ask questions. Show empathy. Put yourself in the other person’s shoes. Ask what you can do to resolve the disagreement. Shows that you want to be helpful and that you value the relationship.

27. **Treat your employees great.** Employees are also customers in the true sense of customer service. If they are treated poorly, there's a good chance your outside customers will also get poor service. Show sympathy for their problems.
28. **Give your customers what they want, when they want it and how they want it.** Determine the wants and needs of your customers and work backwards from there to improve your products and services.
29. **Give back to your best customers.** If you run a special price or offer, make sure your best customers get the opportunity to get the same deal. Don't offer specials to new customers that you don't give to long-term, loyal customers.
30. **Treat your champions well.** People who refer you are also customers. Keep in touch, thank them, provide them with benefits, send them gifts and do whatever you can to let them know you really appreciate their referrals.
31. **Don't show an attitude of indifference to your customers.** Studies on why customers leave show that 1% die, 3% move away, 5% develop friendships with other companies, 9% leave for competitive reasons, 14% are dissatisfied with the product or service and 68% leave because of a perceived attitude of indifference by the owner, manager or employees
32. **Stay customer-focused.** Ask yourself the following questions: Is my product or service the best it can be? Am I prepared to handle an increase in clients or customers smoothly and efficiently? Is my pricing clear and fair, so that there are no misunderstandings? Are my clients, suppliers and employees treated as honestly and fairly as possible? Do I keep in contact with them on a regular basis?
33. **Discover what your customers want through low-cost market research.** Always ask clients during and after the service to check their satisfaction level. Find out how they use your products and services. Look at their body language. Are they happy? Form a user group of customers to meet on a regular basis and provide feedback on how well you are doing.
34. **All clients are not created equal.** Don't take every client who walks through the door. Choosing the right clients can enhance the speed and quality of your ultimate success. When looking at potential clients, ask yourself: Do they have realistic expectations of your product and service? Is there good chemistry? Is the work challenging? Do they pay on time? Might they have referrals for future work?
35. **Listen, learn and earn more.** The most successful salespeople are the good listeners, not the good talkers. By listening, you become more likeable and you hear the wants, needs and objections of your potential clients. The best way to persuade people is with your ears. Limit your own talking, don't interrupt and pay attention to nonverbal communication.
36. **Manage the "moments of truth."** Every time you have a meeting or transaction, an impression is formed. Make each moment of truth as positive, memorable and special as possible. Before and during contact with every client, cultivate the habit of mentally asking yourself, "How can I make him or her glad they talked to me?" Help them solve a problem or save them time in some way. Pay them a sincere compliment, or give them something they don't expect.
37. **Would you buy from you?** If you were the customer, would you buy from yourself? Ask yourself these questions:
 - Based on your experience, from the buyer's point of view, would you be classified as reliable? How about trustworthy?
 - Would you say your customers obtain special benefits dealing with you that they wouldn't get with others?
 - Do you think you come off as an expert in the eyes of your customers?

- Have you been effective in helping to solve customer problems?
- Whenever possible, have you handled customer complaints to *their* satisfaction (not yours)?
- Apart from your business dealings, do you think customers believe you have their personal welfare and well-being at heart?
- Do customers look upon you as a reliable source of product and industry information?
- Has doing business with you contributed positively to most of your customer's profit performance?
- Would your customers continue dealing with you if a competitor approached them with a slightly lower price?

Customer service is more than just “smile training.” It's really about treating customers the way you want to be treated and knowing how to treat them the way they want to be treated. It's also about giving clients what they want, when they want it and how they want it. It comes down to the fact that good communication and human relations skills equals good customer relations.

The people who are best at customer service tend to be nurturers. There are three major constituencies — prospects, clients and staff. Each one is like a plant in the garden. If you don't water and feed them, they won't grow. The nurtured seed always produces the abundant harvest.

*Vistage speaker **Arnold Sanow**, MBA, CSP (Certified Public Speaker), is a business and marketing strategist who has delivered more than 2,000 presentations to more than 500 clients throughout the world. He is the author of four books, including “Marketing Boot Camp,” and has served as president of Business Source Inc., a business development and training company, since 1985. This article © Arnold Sanow. Used by permission.*

Tools & Analysis -- The Customer Service Altitude Test

Attitude determines altitude. Do you have service attitude? Take this quick self test and find out — choose the answer that most accurately describes your company’s attitudes regarding customer service.

1. Our customers can *always* talk to a “real” person — seven days a week, 24 hours a day.

Not accurate Somewhat accurate Accurate

2. Every employee and sales associate *always* greets customers by their first names whenever we speak to them.

Not accurate Somewhat accurate Accurate

3. We screen all applicants with a test to determine their desire to serve customers.

Not accurate Somewhat accurate Accurate

4. We offer an unconditional 100 percent guarantee of satisfaction for everything we sell or service, making it easy for customers to return anything, without any hassle.

Not accurate Somewhat accurate Accurate

5. We trust the judgment of our employees and empower them to resolve customer complaints on the spot.

Not accurate Somewhat accurate Accurate

6. We believe that our employees and associates are the best ambassadors of our brand.

Not accurate Somewhat accurate Accurate

7. We measure customer satisfaction several times throughout the year.

Not accurate Somewhat accurate Accurate

Scoring

Assign the following point totals to each answer above: Not accurate= 0 points, Somewhat accurate= 3 points, Accurate= 5 points. Then calculate your total points.

- 30 +: **High Altitude:** Keep it up with a watchful eye.
- 20-29: **Medium:** On the border, watch out. Caution is advised; opportunity for improvement exists and is recommended.
- **Flying Too Low:** Your brand may be at risk.