

# CUSTOMER SERVICE

How to improve the Customer Experience



Nina  
Sunday

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She leads a national network of qualified Facilitators delivering Productivity, Communication and People Skills training in the workplace on Customer Service, Time Management, Speed Reading, High Performance Memory, Business Writing, Presentation Skills, Leadership, etc.

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# Chapter 1 - What business are you in?

If I asked you what business are you in, how would you answer?

Would you say that you sell shoes or you are a real estate agent or you offer IT technical support?

If this was the year 1930 and you were President of an American railway company, you might answer that question with, 'We are in the business of operating trains'.

All these answers indicate *product-oriented* thinking.

Did you know many US rail companies in early twentieth century went bankrupt or experienced financial turmoil because they missed new opportunities emerging with the invention of automobiles and trucks, the building of a highway system and air travel?

A better answer for that railway President might be, 'We are in the transportation businesses'.

International Business Machines founded in 1924 - now known as IBM - almost missed the computer revolution of the early 1950s because they were so used to thinking they were in the business of supplying punch card machinery.

An IBM customer, Time magazine, complained about the cost of storing millions of punch cards, at the same time as magnetic tape started to be used to store data and computers used to process that data.

IBM listened to its customers and moved to computer technology as a better, faster, cheaper way to process data. IBM grew to become a leader in e-commerce.

So . . . what business are you in again?

Regardless of your answer, aren't you also in the business of making customers, keeping customers, while making a profit?

Large organisations, managers and business owners are rediscovering the return on investment of exceptional customer service.

You may not be a business owner but you are still owner of your own career. Identify what you want from your career. If your job is to interact with customers, then find out the knowledge, skills and behaviours that enable you to do the very best job you can do.

You will enhance your career and your life.

In this book we are going to explore the product and service attributes that make up world-class, best practice customer service according to latest international standards.

You will learn how to make customers love you, keep them coming back and tell everyone they know.

# Chapter 2 - Say, Stay, Smile, Standard, Suggestions

## What is customer service?

It's anything we do that enhances the customer experience; making someone feel special.

Customers expect good service, and to be appreciated you need to give remarkable service.

## How can we lift our service to the level of remarkable?

Perhaps it's as simple as, find out what customers want, meet their expectations, then exceed those expectations.

Find out what is standard practice in your industry, then do a little extra.

Here are a few suggestions. If you service cars, also clean the windscreen and blacken the tyres.

If you deliver furniture, have the delivery team wear disposable booties over their shoes to protect floors.

If you sell shoes, why not bring out from the storeroom three sizes of their preferred style of shoe? How often are shoes a size too small or too large? Even if they tell you they are a size 8, you could bring out next size up and next size down.

Be creative to raise the bar in customer service in your organisation.

When your enterprise becomes committed to providing world class, best practice customer service, you gain a reputation amongst your clients that differentiates you from your competitors.

You become their supplier of first choice which leads to business success.

If you personally become a customer service champion within your organisation, you will gain a positive personal reputation that will skyrocket your career.

Clients remember you if every contact is a pleasant experience.

They'll remember you if you can do something unanticipated that's a little extra.

## There are seven letters in the word service. S-E-R-V-I-C-E.

In this book we will explore the

- five Ss
- four Es
- three Rs
- two Vs
- two Is
- three Cs  
and
- final E of service.



The first 'S' in service stands for . . .

## Say

Do what you say you are going to do. Do it when you say you are going to do it.

How common is it for someone to promise, 'I'll find out and call you straight back', and they don't, or 'I'll have it to you by end of the week', and it never arrives?

Do what you say you are going to do; deliver what you promise.

In business, if you say you will do something, you absolutely, every time must follow through and do it. Write it down, make a note, add it to your to-do list.

And if it can't be done on time, please let them know. Keeping a client updated on the progress of a task or project keeps everyone happy.

The first secret to being successful is building trust by keeping all your promises. Your customer trusts you when you're reliable, consistent and dependable.

Never promise something then let them down.

## Under promise over deliver

One way to ensure you keep your promises is to under promise, then over deliver.

In a theme park like Disneyland, if a ride is advertised with a 45-minute wait, the actual wait might be only 40 minutes; an advertised 20-minute wait might be only 15 minutes.

Isn't this better than being told there's a 20 minute wait and actually waiting 30?

One way to apply this tactic...your customer wants something done fast. You estimate it takes one hour to complete, assuming no interruptions. Let your client know you'll get onto this straight away but promise it in two hours.

When you are finished in one hour as you anticipated, your client will be delighted you were so prompt. And if for any reason you are interrupted, you have allowed yourself a buffer, so you can still appear efficient and professional.

## Exercise - Under promise over deliver

Can you think of three specific situations when you can under promise and over deliver in your role in your organisation?

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

## Stay

The second 'S' is for stay.

We mentioned earlier we are in the business of making and keeping customers. Let's call it customer retention or simply, how to make customers stay.

Part of understanding what makes customers stay is to first understand reasons clients leave.

Did you know the average business loses 50% of its customers every 5 years? And clients usually don't tell you they are leaving.

In fact, research<sup>1</sup> shows only 4% of customers tell the organisation they are dissatisfied. Most just take their business elsewhere.

Consider this. Because so few people complain, if you hear from someone who's unhappy, isn't this a wonderful opportunity not only to improve service but also take corrective measures to keep their business? These corrective measures are called service recovery.

Later in this book we discuss how to reward clients who complain. They are going out of their way to inform us how we can improve. It's a continuous improvement opportunity.

### Do you know the main reason customers stop using a business?

A research study<sup>2</sup> analysed reasons clients stop using a business. Customers leave for a lot of different reasons. Here are five typical reasons:

1. move away
2. develop other friendships
3. price
4. dissatisfied with product or service
5. indifference by owner or staff member.

### Here's a quick exercise

For each reason listed in the table below, estimate what percentage of clients stopped using a business because of that reason. Write your estimate in the column corresponding to each of the five reasons.

Allocate a percentage for each. For example, one might be 10%, another 22%, another 35% and so on.

(All five percentages should add up to equal a total of 100. So you might have to revise until you get the figures right.)

Typical Reason	%
move away	
develop other friendships	
price	

dissatisfied with product or service	
indifference by owner or staff member	

How did you go? Which reason do you think is the most significant?

### **Is price most important?**

You might assume most people shop on price, but this research shows only 9% are price shoppers.

Price shoppers are not loyal. They switch from supplier to supplier and won't necessarily stay just because you provide great customer service.

### **Is dissatisfaction the main reason?**

Research shows only 14% leave for that reason. (Their dissatisfaction is often due to over-promising and under-delivering.)

### **What is the main reason customers leave?**

Research indicates 68% leave because of indifference of the owner, manager or an employee.

Imagine that. 68% of former customers left because they didn't feel loved. They didn't feel special. They did not feel valued.

It's not enough anymore to just 'do your job' in a humdrum way.

We must find a never-ending stream of creative and innovative ways to delight and satisfy our customers so they become loyal customers. Give them a little extra, including a little more of ourselves; add the human touch.

There are three types of customers:

1. customers - who are merely 'satisfied'
2. loyal customers - who are 'highly satisfied'
3. former customers!

If we become clear on reasons clients leave, then we can focus on ways to make customers stay.

### **Are you aware it's possible to resurrect lost customers?**

Sometimes it's as simple as paying them some attention with a phone call, email or personal visit.

You can mention you haven't seen them in a while. Ask if everything is ok; if there is any problem with the product or the service.

Find out what happened. Was it poor service? Or lack of attention? Did a competitor woo them away from you? Ask for another chance.

Make it fun. Have a 'lost-and-found' telephone a former customer day.

And if you've ever disappointed a customer in some way, why not send a letter with a peace offering or send a sorry card?

## Action

Dig out your inactive customer list and do a ring-around. You will attract a pile of new business. You might even find a customer saying, 'You called just at the right time'.

Later in this book we'll suggest further action you can take to lift your service from ordinary to exceptional.

## Smile

The third 'S' of service stands for smile. While you are delivering what you promise, do it with a smile.

There are good reasons to have fun and be happy at work and with customers.

- You'll look forward to coming to work if it's a happy place.
- Customers are attracted to good-natured friendliness.
- Work can be humdrum and boring.
- Smiling says you enjoy life. Smiles are contagious and a customer magnet.

## Case Study

I can remember as a student I had a part-time job working in the university supermarket. During my first few shifts I followed basic instructions, did an efficient job, hardly said a word to any customers going through the checkout.

I don't recall what motivated me, but one day I simply decided, 'Today I will make it a game to have a fun conversation with each and every person as they come through the checkout.'

The change in me, customers and the atmosphere was immediate. Suddenly I was 'switched-on'.

As I totalled their purchases, I conversed and laughed with people, and shared with each customer good-natured comments. I enjoyed my job more than ever before and the supermarket had a friendlier atmosphere.

I was working with higher FQ—friendliness quotient.

What would happen if you aimed to put a smile on your customers' faces? Get into the habit of smiling and find out.

I can guess a boss reading this might be thinking right now, 'Won't my staff become so happy they'll get distracted from their job?'

Quite the opposite.

People who love what they do are enthusiastic and motivated. They see the significance of their contribution. They're good team players. Often, they love learning, which means they can learn to lift their game.

On the other hand, downbeat, unhappy or stressed people can spread negativity or be rigid and resistant to change and continuous improvement.

When a customer complains, negative people see only problems, can-nots instead of solutions, can-dos.

It's okay to be happy at work and be a can-do solutions person.

Smiling is not just for face-to-face. Did you know customers can hear you smiling through the phone?

And smiling puts you in a better frame of mind.

## Standard

Here's the fourth S...

Would you like to know how everyone in the organisation can be remarkable in how they answer the phone? Have a standard procedure for answering the phone, and here it is.

When you hear any telephone ring:

1. stop whatever you are doing
2. smile - because a smile can be heard through the phone
3. answer after three rings - (never let it go to four rings)
4. say your company name, then your name (and expect them to use your name in return) .

For example, 'ABC Company. This is <your name>.'

Using your first name gives your clients a chance to build a relationship with you and your organisation.

Avoid saying <your name> speaking. If the last word they hear is 'speaking', curiously, it interferes with them remembering your name. The last word they hear is what they remember. Test it out for yourself.

Relationship creation is one of the R words of service I'll be discussing later in this book.

## Moments of Truth

How you answer the phone creates a first impression.

And each impression is what's called in customer service, a 'moment of truth'.

*With every phone call, your client might be deciding whether to **start** doing business with your organisation or whether to **continue** doing business with you.*

Irate customers are deciding how helpful and competent you are to fix their problem.

By smiling *before* you answer the phone, you set the tone for the entire conversation.

## Action

Print out an image of a smile and tape it to your phone or computer as a reminder.

## Suggestions

S also stands for surveys and suggestions; be responsive to feedback.

Is it easy for your customers to tell you what they want? What are some ways you can find out what your customers want? Do you respond to customers who make suggestions?

## Case Study

For example, a health food store has a permanent bulletin board visible near front of store. Pre-printed forms are supplied. The top half of the form is for the customer's suggestion with space to add their contact details. The bottom half is for the store's response.

These forms are posted on the bulletin board for anyone to read. Responses are emailed to the customer within three days.

What a great way to involve customers in continuous improvement!

Research shows fast response to suggestions is crucial. The faster the reply, the more satisfied the customer.

## Exercise

So let me ask you again. What are some ways for your customers to make suggestions for improvement?

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## Chapter 3 - Eye contact, exceed expectations, 80/20 rule, everybody

So far we discussed five Ss of Service:

- do what you *say*
- make customers *stay*
- *smile*
- have a *standard* way of answering the phone
- survey for *suggestions*, seek customer feedback, then act on it.

The next letter in service is E.

The four Es of Service are:

- *eye* contact
- *exceed* expectations by doing a little *extra*
- *80/20* rule
- customer service involves *everyone*

### Eye Contact

Previously we referred to the importance of connecting with your customers with a smile.

What good is a smile unless you direct it with your eyes?

Look someone in the eye when they talk to you. Eye contact shows respect for the person you are interacting with. It increases trust. It's a social skill.

You can look anywhere within the triangle of the two eyes and mouth.

Unless of course they are avoiding eye contact with you. With some cultures it's polite to avert their eyes. So be sensitive to cultural differences by not looking them in the eye if they are avoiding your gaze. Be in tune with people.

### Extra

An important E in Service is exceeding customer expectations by doing a little extra.

Customer Service is providing a little more than customers expect.

## Paradox

But here's the paradox. What initially exceeds a customer's expectations soon becomes the norm. So we must continuously improve standards of service.

Companies get better at understanding what satisfies consumers, so the bar keeps getting raised. As you raise the bar, customers raise the bar. Consumers expect good service, so to be memorable you have to give remarkable service.

How do you create a customer who is absolutely ecstatic about the service you provide?

Go the extra mile. Give your customer extra personalised attention.

## Case Study

On one occasion I arrived at a hotel that had separate elevators for two separate wings. During check-in, I didn't concentrate on listening to directions to my room as well as I should, took the wrong elevator and ended up in the wrong wing of the hotel. I backtracked to the front desk, a little lost and confused.

Instead of repeating his directions, or making me feel like it was my fault for not listening to him properly first time, the concierge cheerfully escorted me to the elevator and accompanied me to my door.

Now that's literally going the extra step.

What are some examples when you've gone the extra mile for your customer? What's something you can do in your role that is a little extra and unanticipated?

## Exercise - extra mile

What are five ways you can go the extra mile in your role?

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

Pick one idea and do it.

Always provide a higher level of support than is standard in your industry. Exceed your customers' expectations, just a little.

## Pareto Principle

In 1897, Vilfredo Pareto, an Italian political economist, published his observation that 80% of wealth was in the hands of 20% of the population. This 80/20 pattern of unequal distribution of wealth appeared throughout history within most cultures.

This pattern is called the 80/20 Rule or Pareto Principle. Over the years, Pareto's Law has been proven in scientific studies.<sup>1</sup>



Open your eyes and you will start to notice the odd way our world really operates. The real world is not 50/50, although most people act as if it is.

In business the 80/20 rule states that 80% of sales come from 20% of customers. Here are other examples:

- 20% of carpets in your home receive 80% of wear.
- You wear 20% of your clothes 80% of the time.
- 20% of beer drinkers drink 80% of all beer.
- 20% of motorists cause 80% of accidents.
- 20% of criminals commit 80% of crimes.
- 20% of products a business sells generate 80% of sales.
- 20% of our customers produce 80% of our revenue.

Sometimes this pattern manifests as 90/10 or 70/30 - it's still the Pareto effect.

### **How does this change the way we do business?**

It's all about focus.

Focus on your top 20% of customers who generate most of your business.

Do you have a customer list? How are they listed? Is it alphabetical or in date order? Is it numerical or by customer number?

How do your people know which customers spend most money with you?

If you have 1,000 customers, 20% of them are your top customers who generate around 80% of your income.

The whole organisation should devote energy to delighting, keeping forever and expanding sales to the 20% of customers who provide 80% of your sales and profits.

You cannot target the key 20% unless you know who they are.

### **Action**

Create a client list according to how much they spend with you annually.

Start your list with your top clients at the top. Draw a line at the point in the list that separates the top 20% from the rest. Focus on clients above this line. They are your most active clients.

Then provide exceptional and remarkable service to your most active clients, your core customer group. Not only deliver what you promise but surprise them by exceeding their expectations.

Make them feel special by doing something extra. Make them feel loved and valued. Make them prefer only you as their supplier.

## Case Study

A radio station ran a marketing campaign designed to increase listening by their current audience average 12 hours per week to 25. This campaign was aimed at their current listening audience, rather than trying to find new listeners.

Where do you focus your service effort? On your existing clients, or are you always chasing new customers? Why not focus on plugging the hole caused by losing current customers?

It's about focus and deciding on priorities. Super-serve your top 20%.

## Action

Circulate your list of top clients to your team so they can readily identify top clients and give them priority.

## Costs 5-7 times more to find new customers than retain existing ones

Did you know generating repeat customers is more profitable than finding new customers? Retaining existing customers saves the need to replace them with new customers.

Marketing to existing customers is less expensive and has a better return on investment than marketing to gain new clients.

An existing client is a bird in the hand.

Keeping an existing customer is more profitable than attracting two new customers.

Instead of expending effort to entice new customers, why not convince those you already have to buy more of what they like.

By dealing with existing customers, you reduce the cost of marketing to find new customers, the company grows, profits increase.

## Action

1. Why not call customers who haven't ordered in a while to find out why? You might be amazed at the response.

You might find they meant to give you a call but were too busy or they misplaced your contact details.

It's easy to take current clients for granted. You might be missing a golden opportunity.

2. Have your order-takers ask the birth date of your customers - (just the day and month, not the year).

Then on their birthday send a birthday card with a free gift or sample plus a gift voucher to spend with you.

## Case Study

One cosmetics company sent a birthday card with a set of three small make-up brushes costing \$1 plus a \$15 gift voucher to spend. 40% of people who received birthday presents immediately placed an order with the company. That's a 40% repeat rate.

This cosmetics company focuses its marketing on satisfying existing customers.

## Action

What's your company's customer repeat rate? If you can't answer that question, then find out what percentage of customers buy more than once a year.

## What you measure, you can improve. What gets measured gets done.

For the same cost as an expensive ad, you could publish a blog or newsletter giving customers free tips. That cosmetics company might give tips on applying make-up.

Old school of thought sees customer service as a cost to be reduced. New school sees money spent on personalised services to the top 20% of customers as a rewarding investment.

Customer care is not an expense but a worthwhile investment which reduces the cost of marketing.

So that was another E - Pareto's 80/20 rule.

## Everyone

The fourth E is for 'everyone'. Customer service is everyone's responsibility.

Any time a customer comes in contact with any aspect of a business, however remote, it is an opportunity to form an impression.

Every customer contact is a 'moment of truth' for a business.

Jan Carlzon, CEO of Scandinavian Airlines, coined the phrase 'Moments of Truth' when he published his book with that title.<sup>1</sup>

Improving all the little things turned Scandinavian Airlines around from an \$18 million dollar per annum loss to a \$54 million dollar per annum profit, in just 18 months.

Customer touch-points occur by telephone, email, fax, letter or face-to-face meetings.

With every touch-point or moment of truth the customer is left with either a positive, neutral or negative feeling.

Not everyone has face-to-face contact with a customer, but everyone is working in a chain, a supply chain.

If you are not serving a customer, you are serving someone who is.

Everyone in an organisation directly or indirectly serves customers.

What are the moments of truth in your organisation?

## Exercise

1. List customer touch-points, both in your role and in your organisation.

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

2. For each touch-point, devise one way to enhance that experience.

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

To give you an idea, to enhance the 'moments of truth', think of all the little things.

E.g. make it standard to reply with 'certainly' rather than with 'sure.'

It could be your choice of words when you answer the phone. Does the language you use in your correspondence speak with a human voice?

Do you remember to write 'please' and 'thank you'?

Does your tone of voice or body language ever suggest to the customer they are an interruption? How can you make your client feel more welcome?

As routine, question everything you do. Look at all of your processes with fresh eyes. Continuously ask, 'How can we do it differently? How can we do it better?' Improve one thing every day.

In this chapter we discussed the four 'E's of customer service:

- eye contact
- exceeding expectations
- 80/20 rule
- everyone is involved.

Next chapter, we discuss the three 'R's.

# Chapter 4 - Reputation, Responsiveness, Relationships

S-E-R . . . next we explore the three 'R's of service.

## Reputation

What's your company's reputation worth?

If only 4% of customers tell you they are dissatisfied, how many tell their friends?

Studies done by U.S. group, Technical Assistance Research Programs or T.A.R.P.<sup>1</sup> show that while 4% of unhappy customers tell the organisation, 96% take their business elsewhere without saying they're going.

But they do tell their friends and colleagues.

On average, a dissatisfied consumer tells 9 or 10 other people; 20% tell 20 people. With the world wide web, cyber buzz can spread your reputation - good or bad - even further. That is what's called the domino phenomenon.

Protect your reputation, handle complaints, and resolve them quickly. More about ways to handle complaints later.

## Responsiveness

Responsiveness is the ability of a company to respond quickly to meet customer needs.

You may be busy, but if you do not respond to calls or email quickly, it gives the impression your client is low-priority.

What's your turnaround time when replying to phone messages and email? Is there a company policy? Do you answer the phone within three rings? What's the time-frame between the customer's order and actual delivery?

What are ways you can improve responsiveness in your organisation?

Here's an absolute basic: set up an automated autoresponder acknowledgement email for incoming email requests, so you reassure the sender you received their message and will get back to them soon. Be specific about the time-frame.

Are there any obstacles to your being responsive?

For example, a customer might have to wait almost a week for delivery of an order because your company only delivers to that area one day a week.

Are your staff empowered to cut red tape for urgent orders? What areas of your business could you improve your response times?

## Exercise

Here's a short exercise. List all areas you have to respond to customers, and then ask for each, 'How can we improve this response time?'

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

By quickening response times you'll increase customer satisfaction which leads to customer loyalty.

Remember, it's not, 'Can we do better?' We can always improve our processes. The question becomes, 'How can we do better?'

## Relationships

People do business with people.

The goal of business is to develop lasting relationships - our next 'R' word - relationships with your best customers.

Keep a list of those customers you want to keep in regular communication. Keep a client history of frequency of your contacts with people on this list.

If something important is about to happen in their life, note it in your diary.

Keep blank greeting cards on hand - wedding, congratulations and thank you to mail as the occasion arises. People still appreciate a handwritten card sent by snail mail. Establish a relationship rhythm so it feels natural and normal for them to periodically hear from you.

Focus on the person, not your pitch. The goal is to stay in contact, to remain top of mind, not necessarily to gain an order every time.

Continuity is what matters. Frequency builds a relationship. A relationship is more than sending a Christmas card or message once year.

Friendliness and good-natured make a positive impression.

One of the secrets of creating instant rapport is to expect people to like you. Research supports this.<sup>2</sup>

Perhaps when you believe other people will like you, you 'act as if' people like you, your expectations change your behaviour, you are more natural and less self-conscious. You are more yourself, so it becomes a self-fulfilling prophecy.

Show you like people and they will probably like you back.

Expect to like *them*.

## Chapter 5 - Vision, Lifetime Value of existing customers

S-E-R-V . . .

After the Great Fire of London in 1666, Sir Christopher Wren was commissioned to rebuild St Paul's Cathedral. There's a story about Wren taking a walk among the stonecutters.

He asked one stonecutter, 'What are you doing?' The man replied, 'Can't you see I'm hewing stone.'

Wren walked on and asked a second worker, 'What are you doing?' 'I'm earning two shillings and sixpence a day.'

Finally, Wren asked a third stonecutter, 'What are you doing?'

He replied, 'I'm building a great cathedral!'

The first man saw his job as a chore, the second, as earning a living. The third had a powerful sense of purpose.

### Vision

Without a vision work can be a chore. With a vision, work becomes a joy, a contribution to a bigger picture.

### Vision statement

Does your organisation have a vision statement that includes reference to a focus on the customer or to customer satisfaction?

Here's a simple vision statement which you can borrow or inspire you to invent your own.

Start with the name of your enterprise.

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(Your organisation name)

is a leading customer-focused enterprise  
with a reputation as the supplier of first choice  
through a dedicated approach at all levels in the organisation  
to world class customer service which leads to  
mutual business success.

I know of a business turnaround that started with creation of a customer-focused vision statement.

## Case Study

One software support company was plagued with problems - dissatisfied clients, low employee morale, inconsistent service. Technical support took between five hours to two days to return a call.

80% of customers said they were 'very dissatisfied' with promptness of the service. Most employees left after 18 months.

The company decided to use the goal of winning a customer service award as a way to motivate themselves to reinvent their processes and practices.

They cultivated a passion for supplying good customer service.

It took two years, but two years later they won that Customer Service award. Not only that, but their improved efficiency increased revenue by 5 million dollars a year. And when surveyed, customers now say they are 'highly satisfied'.

This company started the process with a vision statement. Actions followed from there.

## Action

Find out what organisations offer customer service awards. Select the awards category appropriate to size and nature of your business. Then do whatever it takes to transform your business to become worthy of this award.

Businesses that win awards are a step ahead of the rest.

## Value

The customer does want value for money - that's a given.

But have you ever considered how much a client spends with you over the course of your relationship?

This is called the lifetime value of an existing client.

If a client spends \$100 a week then that's \$5,200 per year.

If your client stays loyal to you as their preferred supplier for say, five years, then your client's lifetime value is \$26,000.

If you are indifferent or say no to a special request from a regular client and they choose to take their business elsewhere, then you've kissed goodbye not to \$100, but to \$26,000.

Think about that for a minute.

To calculate the lifetime value of an existing client multiply the number of years you keep a client, by average amount they spend each year.

## Case Study

Let me tell you a story about a grandmother in a toy store.



The sales assistant was helping her buy toys for her grandchildren. In conversation, he asked, 'How many grandchildren do you have?' 'Five', she said.

'Oh, and how often will you be shopping for gifts for your grandchildren?' 'Forever!' she replied.

Think about it. Five grandchildren, times birthdays and Christmas, so that's two occasions a year, times five grandchildren.

And if the average sale is \$50, that's 10 times \$50, equals \$500,

times every year for the rest of her active and independent life, say 20 years? Equals \$10,000 at least.

This grandmother is worth \$10,000 to the store, not just the \$50 she is spending today.

Knowing this, will you do everything in your power to love this customer and keep her returning for as long as she buys gifts for her grandchildren?

Show you appreciate your customers and loyalty will follow.

Remember the lifetime value of each and every individual who buys from you.

# Chapter 6 - Interruption - not: Continuous improvement

S-E-R-V-I

## Interruption - NOT

Customers are not an interruption to our work; they are the reason we are in business. They are human beings like us with feelings and emotions. They are not someone to argue or match wits with. They deserve the most courteous and attentive treatment we can give them.

We are not doing them a favour by serving; they are doing us a favour by giving us an opportunity to do so. The customer makes it possible to pay our salaries, whatever our job is. They are the lifeblood of our business. The customer is not an interruption.<sup>1</sup>

Have you ever been to Japan?

As soon as you enter any restaurant or shop, everyone looks up from whatever they are doing and says 'Irasshaimase' or 'Welcome'.

I'm talking waiters, chefs, kitchen hands, everyone.

Every customer is greeted by all staff with a whole chorus of bright voices saying one after the other, 'Irasshaimase', 'Irasshaimase', 'Irasshaimase'.

It's a wonderful experience. And that is all over the country. Service is a pillar of Japanese business culture.

Do you make your clients feel welcome when they walk through your door? Just say hello with eye contact and a smile. Do you sound happy to hear from someone when you answer your phone?

Unless of course you have a customer with a problem. Then match their mood by being neutral, serious and find a solution to their problem, fast.

More about complaints handling later.

## Continuous Improvement

CI is also for improvement, continuous improvement or CI.

Here's a CI motto: There is always room for improvement.

Has your organisation got the mindset of continuously looking for ways to make processes and procedures better and better? Can every employee come up with one small improvement every day?

Are you evolving?

How do you become inspired to find ways to improve? Here are a few ideas to get you started?

- read about Customer Service
- buy a book or ebook

- subscribe to a magazine or customer service oriented blog (read about how other companies are lifting their game)

- join a customer service professional association

- nominate someone in your organisation to specialise in the customer experience.

There are multiple sources of inspiration. Brainstorm daily on ways to continuously improve.

Here's an example of a powerful question you can ask at the end of a customer transaction.

*If we could improve our service even by 1%, what would you suggest we do?*

This one question elicits many creative suggestions direct from your customers who probably know best how you can improve.

As well as asking your customers, ask your team to brainstorm this question in a continuous improvement meeting, 'What are 20 ways to improve our customer service by 1%?'

# Chapter 7 - A complaint is a gift, Compliments, Courtesy

S-E-R-V-I-C...

## A complaint is a gift

Why is a complaint a gift?

Because it's a golden opportunity to identify where there's room for improvement.

A customer who complains is still a customer.

TARP<sup>1</sup> research shows that if you can resolve your customer's problem quickly, you create a loyal customer.

Does this scenario sound familiar? A customer rings in to complain, and everyone ducks for cover.

No one wants to handle a difficult situation. An unhappy person is a hot potato.

Why not change your view of complaints. To convince you, here are a few facts.

## Fact #1

Most people don't complain. In fact, TARP found that 26 out of 27 people who experience problems do not complain.

Why don't people complain?

- to avoid conflict
- it's too much trouble
- it'll take too much time
- they don't want to offend
- the problem's not *that* bad
- they feel it won't make any difference.

26 customers take their business elsewhere without telling you they're going. But they do tell their friends and colleagues.

Remember, every dissatisfied consumer tells 9 or 10 people;

20% tell 20 people. Silent customers are not necessarily happy customers.

Your one complaining customer may represent 26 others who are unhappy, possibly about a similar issue. Your one complaining customer is tip of the iceberg.

What is the worst thing you can say in response to a complaint? 'No one else has ever said anything before'. Has someone ever said that to you? How did it make you feel?

Love your irate customers. They tell you exactly what 26 others are thinking, but haven't said. They are doing you a favour.

A complaining customer plays an important role in your business by assisting you to improve your products and services by identifying problem areas.

They usually have a genuine desire to get their problem fixed. You should thank them for making time to let you know. So make it easy for clients to give feedback.

## Fact #2

Of the 4% who complain, around 60% are more likely to repurchase if the complaint is resolved to their satisfaction. If a complaint is resolved quickly, that percentage of those who rebuy goes up to 96%.

Why not make it your goal to transform a dissatisfied customer into a loyal customer? Bend over backwards to dazzle them with how well you handled the situation. You'll have a customer for life.

Research shows an unhappy customer is more likely to tell others how pleased they are with how their problem was resolved.

A complaint is a gift. It's also an opportunity for continuous improvement.

Find the root cause of a complaint that caused the problem to occur in the first place and fix it.

So are we agreed? If a customer calls in to complain, it's not head-in-the-sand time, it's 'Let me handle this call', 'No, let me!'

What to do exactly. Firstly, listen without interruption. Let them vent. Start by saying, with sincerity, 'Tell me about the problem'.

Listening intently may diffuse their anger. Hear them out. Let them have their say.

And *don't take it personally*. Stress and frustration can build up. Some people need to explode in anger to express themselves at all. Remind yourself that a complaint is a gift, you just happen to be receiving one that's not gift-wrapped.

If they're angry, it might help if you detach yourself from the way it's being said. Be a problem-solver. Your job right now, with this person, is to find an elegant solution.

Remain equanimous, remain calm. This is a test of your ability to stay courteous. Have empathy. Make comments such as, 'I can understand why you would be upset'.

Don't just listen in silence. Show you are listening intently with an appropriate, 'Mmmn', 'Oh'.

Never interrupt. And when they finish, summarise what they've just explained. Repeat it back. Confirm you understand what they've just told you.

Then ask them, 'What would you like to happen?'

If the solution is within your power, you can agree immediately.

If it is more complex, say, 'What I can do is . . .' and suggest some options.

Once you've discussed various options and your client has chosen a preferred path, agree on an action plan and make written notes.

## Keep your client in the loop

Operating principle: You own the problem until it is resolved.

You, who first heard the story, are now responsible to follow-through to resolution. That way, they'll never have to repeat their story with a new person, (another source of client frustration).

Once due dates have been set, advise your client each advancement towards resolution. Let them know any hold-ups to completion. And, if you do not have an answer for them, let them know. Don't just leave them hanging.

By the way, it's ok to apologise. If you say, 'I do apologise this has caused you so much inconvenience' is not accepting blame, it's showing empathy. Consider a free gift or service as compensation for being inconvenienced. And when it's all resolved do a follow-up email and phone call to ensure they are satisfied with the resolution, and ask for feedback on the process.

This whole process I have just described is called Service Recovery, making right what went wrong.

It's not that your enterprise made a mistake or that items are faulty, it's how you recover that can really wow a customer.

## A few final tips

Respond quickly, within 72 hours is best. Having a sense of urgency means you are serious about service recovery.

Say things like, 'I'll look into this immediately'. Trust your customer - never suggest you have to first verify the truth of what they're saying. Most people are honest.

Remember, you own the problem on the first call. Now follow through to its completion.

Never ask them to call back. The company accepts the burden of following-up.

After they say all they need to say, apologise sincerely for having had that experience. Sound like you really mean it. Sometimes all a customer wants is an apology.

If you bend over backwards to put things right and express genuine regret customers will give you a second and a third chance.

A complaint is a window of opportunity to cement the relationship. An apology (without accepting blame) is a sign of strength, not a sign of weakness.

You can build a great relationship out of a shared problem.

## Compliments

And what about compliments? A simple compliment can go a long way to motivating people. Do you keep a record of customer compliments and do you share these with everyone?

Perhaps display a compliments poster and add new compliments as they arise.

Some organisations track customer compliments the same way as complaints.

Compliments tell us exactly what people like, whether it's the product, service, merchandising or the entire experience. You can continuously improve products and services based on this valuable business intelligence.

## Courtesy

And now one of the most important 'C's of all - courtesy.

Good manners meet the expectations of a customer. World-class courtesy is using exceptional manners to exceed the expectations of a customer. There's the difference.

Emily Post, an authority on etiquette<sup>1</sup> wrote, 'To make a pleasant and friendly impression is not only good manners but good business.'

What must we do to deliver world-class, best practice courtesy?

Can you imagine a five-star hotel hiring a concierge who didn't smile, speak clearly, dress neatly, or act attentive and helpful to customers?

Characteristics of courtesy are sincerity, respect and consideration. How you demonstrate sincerity and respect and valuing someone is through courteous behaviours we already mentioned such as:

- Do you smile, maintaining eye contact? That's courteous.
- Do you have a pleasant tone of voice indicating helpfulness and friendliness?
- Do you call your customer respectfully by their name?
- Do you make them feel welcome?
- Does everyone in your organisation, from CEO down, treat each other with respect? (Your co-workers are your internal customers.)

Respectful behaviour elicits a respectful response.

Courtesy is measurable. Capture the perceptions of your client following an interaction with a member of the organisation.

Part of best practice courtesy is having zero tolerance for discourtesy. Discourteousness makes customers leave, over and above the quality or value of your product or service.

Watch your tone of voice. How you say something effects what you say. Never be sarcastic or condescending. Use an even, pleasant tone. Sound sincere.

Around the office avoid anti-customer nicknames for people. It breeds disrespect.

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Did your parents teach you as a child it's good manners to say 'please' and 'thank you'? Remember to thank your customer.

Is finishing a phone call with a monotone, 'Thank you for calling', exceptional? No, it's ordinary.

When you thank your customer, do it in a remarkable way. Remarkable - meaning, able to be remarked upon, or worth talking about.

Suppose you call ABC company to make a \$100 purchase and at the end of the transaction the support person says, 'Ms Watson, on behalf of everyone at ABC company, thank you for your order today.' How do you like that thank you?

We can learn from Ritz-Carlton hotel chain. 'We are ladies and gentlemen serving ladies and gentlemen'.



## Chapter 8 - Empowerment

We have now reached the last letter in service - the final 'E'.

Earlier we spoke about the 'E's of . . .

- eye contact
- exceeding expectations by doing a little extra
- 80/20 rule
- customer service is everyone's responsibility.

### Empowerment

Remember we discussed with every phone call your client might be deciding whether to start doing business with your firm or to continue doing business.

From the customer's point of view, the employee they are talking to *is* the organisation.

Research shows most complaining customers buy from you again if their problem is resolved on the spot. Empower people who deal with customer complaints to resolve the problem on the first call.

Customers with complaints become satisfied in direct proportion to the number of people they need to talk to get it resolved.

Never ask a customer with a problem to repeat their story - it's annoying. Empower everyone to meet and exceed customer expectations without having to hand-off to a supervisor of higher authority.

At Federal Express the staffs are empowered to make on-the-spot adjustments to customer accounts or refund up to \$100 or send a gift of apology.

Employees at Ritz-Carlton hotels are empowered to use their own good judgment to 'move heaven and earth' to satisfy a customer or to spend up to \$2,000 in order to satisfy a guest.

Create a budget an employee is empowered to spend to resolve an issue on the spot. Empower employees to cut red tape in urgent situations. For example, authorise rail staff to issue a ticket when someone has lost their wallet and needs to get to the city or the bank.

Avoid a conflict between rules and procedures and customer needs. Intelligent disobedience is to know when to break the rules or depart from procedure. Train staff so they have sufficient knowledge, skills and authority to resolve customer problems on first contact.

Brainstorm possible complaint scenarios and solutions.

In fact, let's do that right now. Here's a question to brainstorm:

What are possible solutions we can authorise for common problems that arise for customers?

This exercise gives you a list of possible solutions to inspire your people to make a judgement call to do what feels right for a customer; with the confidence management will support their decision. If your customer has problem A, then you are empowered to authorise solution X.

These empowered solutions can be published on your intranet and incorporated in your induction process when a new team members starts.

## Chapter 9 - Love Your Customers

A final note.

Love your customers.

Business is based on relationships, and relationships are based on qualities such as sincerity, empathy and generosity.

The most powerful force in business is love.

Love delivers returns way beyond expectations.

It helps the enterprise to thrive, not just survive. It propels your career forward. It provides a sense of meaning and satisfaction in your work. Helps you do your best work.

Just as people can hear you smiling through the phone, they can feel you coming from the heart. We're all here to help each other and get ahead.

Ever seen the bumper sticker, 'Practice random acts of kindness'? Why not practice random acts of customer kindness? Not because you expect something in return, but because it's a better way to behave.

The less you expect in return for acts of professional generosity, the more you receive. Lennon and McCartney said it better than anyone else: 'In the end, the love you take is equal to the love you make.'<sup>1</sup>

## Chapter 10 - Review

Here are those keywords of service again ...

S	E	R	V	I	C	E
Say	Eye Contact	Reputation	Vision	Interruption - not	Compliant is a gift	Empowerment
Stay	Exceed Expectations	Responsiveness	Lifetime Value of a customer	Improvement (continuous)	Compliments	
Smile	80/20 Rule	Relationships			Courtesy	
Standard	Everyone (moments of truth)					
Suggestions						

# References

The quotes, anecdotes and ideas described in this book were accumulated from a variety of sources over a number of years. While we've made every attempt to fully attribute the origin of each of these items, the author may have been unable to list some sources in the detail preferred.

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## CHAPTER 4: Reputation, Responsiveness, Relationships

1. TARP pioneered the science of quantifying and managing the customer experience.  
<http://www.tarp.com>
2. Research about expert people to like you

## CHAPTER 6: Interruption not, Continuous Improvement

1. Mahatma Gandhi in a speech in South Africa in 1890 said: 'A customer is the most important visitor on our premises. He is not dependent on us. We are dependent on him. He is not an interruption of our work. He is the purpose of it. He is not an outsider of our business. He is part of it. We are not doing him a favour by serving him. He is doing us a favour by giving us the opportunity to do so.'

## CHAPTER 9: Love your customers

1. Post, Peggy, *Emily Post's Etiquette*, 17th edition, HarperResource. 2004.