

**Customer  
relationships**

**One**

# 1

## **Encourage your customers to be unreasonable**

If you accept that the primary function of every business is to get and keep customers, then it follows that meeting customer demands is what you actually do for a living. To beat your competitors, you must meet those demands better than they do. Therefore, by trying to give your customers something extra special every time you come into contact with them, you will raise their expectations and encourage them to seek the same extra special service from your competitors. Your competitors however, will probably think the customer is being unreasonable and refuse! The result: one captive customer and one poorer competitor.

Meeting customer expectations is not the name of the game – exceeding them is. In order to inspire the people who work in your business, aim to deliver the best to the customer at every contact.

Don't wait for your competitors or customers to force you to react; seize the initiative, be bold and be proactive. After all, what is market leadership if it is not ideas and standards?



*'The purpose of a business is to find and keep customers – everything else is mere detail.'*



## 2 Give your customers the benefit of the doubt

There are actually some businesses that mistrust their customers – the very people who allow them to be in business at all! Shocked? Don't be – yours is probably one of them!

These businesses do things like demanding receipts for refunds ('I don't believe you bought it here unless you show me a piece of paper').

- ▶ Outstanding businesses are different
- ▶ Outstanding customers are different
- ▶ Outstanding customers seek out outstanding businesses.

Can you imagine how you would react if the next time you complained the customer service person, shop assistant or waiter accused you of lying and making it all up to try and get some kind of special service, or even your money back? You would, of course, be outraged. Why then do you force customers to write in with complaints, produce receipts and fill in long forms to apply for cover under 'conditional' warranty? How about this, the training company that offers a full refund, at any

time, on any course or seminar if you are not completely delighted – stay till the end and ask for your money back! How many do – less than one per cent – from thousands of delegates.

Whatever it is your business makes or provides, decide that from now on you will believe that every customer is honest and trustworthy. If one per cent of these people rip you off and take advantage – don't worry – the customers you attract and keep in the meantime will far exceed any losses.

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*‘Quality is productivity.’*

**FEDERAL EXPRESS MANAGEMENT MANUAL**

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## 3

## Encourage your customers to complain

### **What? Actually invite complaints? Certainly!**

Remember: only about a quarter of customers at the very most who are unhappy with you will actually let you know. The rest will let all their friends know about it and start buying from someone else. However, if you could encourage this missing 75 per cent to bring their problems straight to you, you would have a chance to solve them and you would probably keep their custom.

Don't fool yourself that just because people don't complain they're happy. Try this exercise: ask ten different people to name an example of poor or indifferent customer service or salesmanship that they have experienced in the last ten years. When they have finished describing their example, ask them simply, 'What did you do about it? Did you complain?', the answer for most of them will probably be 'Nothing'.

How do you increase complaints? Put comment cards everywhere, free phone numbers on everything and talk to customers, ex-customers and non-customers at every opportunity. Make opportunities – hang around – phone them – write to them – anything – just get more complaints.

Oh yes, and act on whatever those complaints tell you and don't forget to say 'thank you' to customers who do complain – consider it as free management consultancy!

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*'Set yourself a target of increasing the number of complaints by volume, and as a percentage of customer transactions by at least 20 per cent!'*

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## 4 **Develop a customer retention programme**

The fact is that if you don't give your customers some good reasons to stay, your competitors will give them a reason to leave.

Don't use the 'can't afford to' maxim. Most surveys across industries show that keeping one existing customer is five to seven times more profitable than attracting one new one.

### **How many customers have you lost recently?**

Customer attrition, or rather the lack of it, is the key indicator in measuring the success of any retention and customer service strategy. However, it is rarely measured to the degree that it should be. Customer attrition is the number of customers who did not renew their relationship in any one trading period, expressed as a percentage of the number of customers at the start of the month.

*'Being good enough, is not good enough –  
give customers a reason to be faithful.'*

### **How to keep a customer for life – give them lots of reasons to stay**

- Select the right customers through market research
- Know your purpose for being in business – to attract and keep a customer, everything else is detail
- Move customers from satisfaction to loyalty by focusing on retention and loyalty schemes
- Develop reward programmes
- Customise your products and services
- Train and empower your employees in excellent customer service
- Respond to customers' needs with speed and efficiency
- Measure what's important to the customer – always add value
- Know exactly what customers want in their relationship with you
- Know why customers leave your enterprise by producing customer exit surveys
- Conduct a failure analysis on your enterprise
- Know your retention improvement measures – have a strategy in place.



*'Remember that 96% of unhappy customers never complain. But if their problem remains unsolved – they usually tell ten other customers!'*





## 5 **Close the customer service department**

If you have a customer service department, it might mean that you don't understand what customer service means.

The principles of customer service belong to every department, every employee and every door along the management corridor. Customer service must be deep in the psyche of your business, not written in a box on the organisation chart.

The trouble with having a customer service 'department' is that it can encourage everybody else in the business to dump their problem customers and customer problems onto someone else, abdicating responsibility.

Customers hate this almost as much as the people who work in the customer service department.

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*'Customer satisfaction is everybody's job.'*

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# 6

## Getting and keeping customers

The primary function of every business and of every person within every business is to get and keep customers, everything else is mere detail.

It is not to make money and it is not to manufacture widgets. It is to get and keep customers. Once this is understood and acted upon, the widgets improve and you make the money anyway.

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*'It takes less effort to keep an old customer satisfied than to get a new customer interested.'*

ANON

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# 7

## **Customer satisfaction is not satisfactory**

Nowadays people expect to be satisfied when they give you their custom – satisfaction is a minimum standard.

Think about it: did you do cartwheels when your school report said 'Satisfactory'? Of course not! You wanted remarks like 'Excellent' or 'Exemplary'.

Don't settle for satisfied customers in your business – aim instead to make them astonished! Someone once said that he wanted customers to feel the same way about his company as an audience feels about a great illusionist: 'Wow! I didn't know you could do that!'

How many times did you make someone go 'Wow!' today?

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*'It is a descending stream of pure activity, which is the dynamic force of the universe.'*

KABBALAH

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# 8

## The answer is 'yes!'

Just for a moment, pretend to be one of your own customers. Ask one of your staff for something unusual, it may be for a product in an unusual colour, or for a product to be delivered or packed in an unusual way. What does your staff member say?

'Sorry, but no?'

'Nobody else has ever asked for that!'

'Not possible'

'Can't do it'

'I am not authorised'

'You'll have to call back'

'That's against our company policy'

'It's not my fault/job/concern'

The right answer to your unusual request would have been either 'Yes' or 'That's an unusual request, I'll find out if we can do it for you!'. Your staff should not believe that it is OK to say 'No' to a customer.

If you don't have the authority to say 'yes', you don't have the authority to say 'no'.

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*'Problems are nothing but wake up calls for creativity.'*

ANON

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# 9

## Ways to stay close to your customers

Before you ask customers to show loyalty to you, show loyalty to them. Get the people that serve and know your customers to do one or more of the following (remember, to make it meaningful it has to be from a person they know, not a 'corporate' programme):

- ▶ Show them that you think of them. Send or fax helpful newspaper clippings, relevant cartoons, Christmas and birthday cards. Here's a novel one – send a card on the anniversary of the day they became your customers!
- ▶ Call or visit to show them what's new. Always check convenience first, and do it when you're in the area and have time. A brief visit or call to let your customers know about something new or different, or leaving a brochure, is a good way to stay in touch.
- ▶ Follow up the sale with a free gift to enhance the purchase. You should also make a call to see how your product/service is being utilised and to suggest other ways to derive more benefits. Customers often do not use their purchases correctly first time.
- ▶ Offer 'valued customer' discounts. These can take the form of coupons, letters, or other sales promotions. This not only encourages more orders; it also makes your customers happy to be getting such good deals.
- ▶ Let customers know that they should contact you when they hire employees so that you can train the new people for free!
- ▶ Compensate customers for lost time or money, especially if they were caused by problems with your product/service. Use a well thought out 'recovery programme' and stick to it. Better to err on the side of generosity than to lose a customer out of stinginess.

- ▶ Be personal. Keep notes in your customer files on every little detail you know – everything from spouse's name to hobbies and especially their behavioural style.
- ▶ Always be honest. Nothing undermines your credibility more severely than dishonesty. Lies have a way of coming back to haunt you. It also makes people dislike their jobs; don't ask them to lie for you or your organisation.
- ▶ Accept returns unconditionally. The few pounds you may lose in the short run are far less than what you gain from acquiring a new customer. For example you might calculate that it costs an average of £25 to correct a customer's problem. The average customer might spend £15,000 per year, so tell your employees, 'Don't quibble.'
- ▶ Honour your customer's privacy. You may possess some knowledge that should be kept confidential. Your ethical standards demand that you keep it that way.
- ▶ Keep your promises. Never promise something that you cannot deliver. This principle applies to little things such as returning phone calls, as well as big things like delivery dates. If you must, 'baby-sit' deliveries and promised service to see that they are realised. Your reputation and good name are on the line.
- ▶ Give feedback on referrals. This is the right way to show your appreciation for the referral. Tell your customer the outcome. This is also a good way to get more referrals without asking for them directly.
- ▶ Make your customers famous for 15 minutes. If your company has a newsletter or web site, ask customers for permission to write about their success with your product/services, then send a copy to your customer. The same can be done for industry publications.

- ▶ Arrange periodic performance reviews. You should meet annually with your customers to review their competitive posture in their industry, their satisfaction with your company, and any other concern that may affect business.
- ▶ Keep lines of communication open. As in any relationship, assure your customers that you are open to all calls about everything and anything – ideas, grievances, advice, praise, questions etc. This is one way to maintain that all important rapport.

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*‘The discovery of what is true, and the practice of that which is good, are the two most important objects of philosophy.’*

VOLTAIRE

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# 10

## **What are others doing?**

When doing research, some businesses try to discover what it is that they are not doing for their customers. Sounds good, doesn't it? But some people say it's not enough. They say the most effective sales strategy is to find out what your competitors are doing for their customers.

As they say in the Mafia, 'keep your friends close and your enemies even closer'.



## 11

## How to serve your customers well

Quality doesn't only apply to merchandise. It also means good service and caring about your customers wants and needs. Listed below are five specific steps for taking better care of your customers:

- 1 Conduct your own survey. Profit from the ideas, suggestions and complaints of your present and former customers. Solicit their ideas for new products and better service.
- 2 Meet your customers in person. If your business has grown to the point where you spend most of your time in the office or traveling, take the time to talk to the customers who buy and browse. Observe and ask questions. Think like a customer.
- 3 Check telephone handling. Bad handling can undermine efforts to build a profitable enterprise. Rules of good handling, such as prompt answering and a cheerful attitude of helpfulness are of critical importance. Check on telephone manners periodically by having someone whose voice is unfamiliar play the role of a customer, perhaps a difficult one.
- 4 Make it a team. Continually drive home the crucial message that everyone is part of the success machine. Build customer consciousness throughout your organisation. When you hold group meetings, invite ideas from everyone and discuss those ideas.
- 5 Take advantage of after-hours influence. This is the time when you build, in an informal way, the friendly feeling that draws people to you and your business. Turn friends into customers and reinforce customer loyalty. Take advantage of the relaxed atmosphere of a game of golf, a cocktail party or just a neighbourly chat.

# 12

## Free market research

Many sales oriented businesses say that the best market research is a real salesperson asking a real prospect to buy. If there is a sale, find out what made it possible. If there was not a sale, discover why not.

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*‘Every sales call is a free market research opportunity.’*

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## 13

**Realities of customer-driven service**

Customers are changing, your competitors are changing and your staff are changing their expectations. Study the table below and ask yourself which sides of the line you fall:

<b>Factor</b>	<b>Yesterday's business</b>	<b>Today's enterprise</b>
Priority of service	Nice-to-have or necessary evil	A top management concern
Method of service	Corrective action	Customer-driven service management
Customer requirements	Unknown or assumed	Researched and pulsed on a regular basis. Used as basis for decisions
Strategies and systems	Serve organisational and/or internal quality needs	Serve customer needs by doing things right
Management style	Organisational focus; costs and productivity are a top priority	Customer-driven; focused on learning and meeting customers requirements
Responsibility for customer-driven service	Entry-level help trained in tasks, not in service quality delivery	Everyone empowered and trained to serve customer – either external or internal
Motivation and recognition	Rewards are occasional, unplanned and informal	Rewards, recognition and celebrations; regular, planned and public
Performance measurement	Service quality can't be measured	Customer-centred goals and measures, written and publicly displayed, interactive
Communication and feedback	Top down	Interactive

# 14

## **The customer is not always right**

Just to set the record straight, the customer is not always right. But the customer doesn't have to be right. Right or wrong isn't the issue, the issue is: the customer is always the customer and without her or him, you may as well not bother coming to work in the morning.

## 15

## Carefully manage your customer expectations: then exceed them

It is often thought that customer expectations are relative to the price paid for a product or service. In essence, you get what you pay for. However, customers often have higher expectations.

If you really want to be an outstanding business, you must organise your business so that your customers believe that you always give them more than they pay for. These are known as 'moments of truth', where expectations are exceeded and customer delight is achieved.

Because customers measure everything (unconsciously) and little things often matter the most, achieving these 'moments of truth' is both easy and elusive at the same time.

Some suggestions for creating 'moments of truth':

- ▶ Pay attention to small details – they are the most important ones
- ▶ Pay attention to the peripheral functions – reception areas, phones, staff manners, parking, customer areas, stock, presentation, letterheads, invoices, packing etc
- ▶ Everything counts – each time you meet or contact (or don't contact!) the customer, your status in the mind of that customer is either improving or diminishing
- ▶ Customers want two things: being made to feel special and solutions to problems; so treat every customer as your most important
- ▶ When you are talking to a customer – they are your most important customer
- ▶ You only have one customer – the one you are dealing with now
- ▶ Think of the value of a ten year customer
- ▶ You might have hundreds of customers – but they might have only one supplier or a one-off purchase

- ▶ The world is full of mediocrity – any simpleton can make something a little cheaper but it takes vision and commitment to make or do something better
- ▶ Don't do anything if you can't do it excellently
- ▶ Set or establish clear expectations – and then exceed them
- ▶ Explain terms, prices and conditions clearly, early and honestly
- ▶ Suggestion: build a 10 per cent cushion into all your promises, quotes and statements of performance
- ▶ Deliver faster, sooner, better, cheaper – 10 per cent more than you promised. Don't be tempted to relax or pocket the 10 per cent difference. There is an old farming saying: 'You can shear a sheep many times, but skin it only once'
- ▶ Whatever the customer asks for, the answer is 'Yes!'
- ▶ Do something extra as standard.

*'Under promise, over deliver.'*

# 16

## **Wash your dirty laundry in private**

When solving a problem in front of a customer, outstanding employees and managers should never argue or try to apportion blame. Customers should only witness the straight, simple resolving of the problem. Fault-finding is never relevant. Your first priority should always be your customer.

# 17

## **How much can a junior spend to keep a customer?**

It's late at night and only the junior is in your office. The phone rings. It's your best customer and he's angry about something. He will stay angry and will probably cease to be a customer unless he gets a special delivery right now. The cost is £2,000. You're away for three days and can't be contacted. What does the junior do? The only right answer is 'Arrange the special delivery'. Maybe you should tell everyone in your company that it is OK to spend money if it means keeping a customer. Do it now, before it's too late!

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*'It costs seven times more to win a new customer than to keep an existing one.'*

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# 18

## **Love is... cuddling your clients**

Some of the nicest places to work are those where people value close relationships with their clients; they treat them like friends.

Try it and you'll be surprised at the results. Next time one of your clients rings with a problem or a complaint, find the opportunity to sit down together (preferably on the same side of the table) and work out the solution. Then go for a drink together. Before you know it, you will be friends.

# 19

## The three 'R's of customer service

### What do customers expect from you and your company?

The vital elements that every interaction with a customer entails consist of three basic components – the three 'R's of service:

#### 1 Reliability

There are several faces to reliability: fulfilling promises, creating realistic expectations, delivering quality products and being dependable.

- Organisational reliability

Product or service quality; efficient dependable operational systems; policies and procedures that consistently serve the customer; quality employee training; creating realistic expectations with accurate customer education and communication.

- Personal reliability

Timely follow-up on all matters; product knowledge; integrity; and overall professionalism.

#### 2 Responsiveness

Responsiveness includes the willingness to incorporate flexibility in the decision-making; giving a higher priority to customers' needs than to company operational guidelines; and timeliness.

- Organisational responsiveness

Structuring company policies and operational procedures so that employees can respond to and serve customers in a timely manner. This requires management to empower employees with the authority to give customers what they want, within reasonable parameters. The decision-making process must be moved as close to the customer as possible.

► Personal responsiveness

The willingness and ability to work the system on behalf of the customer. Sales people and other employees must be willing to take the responsibility for customers' problems and, if necessary, sell their solutions upstream.

### **3 Relationship**

Building a positive, loyal, long-term business relationship is important.

► Organisational relationship

Focusing on building long-term relationships rather than one-time sales; market research and customer perception research which determines what is important to your target markets; determining and administering guarantees and warranty policies.

► Personal relationship

In a nutshell, treating people well. This includes courtesy, recognition, caring, empathy, sincerity, ethical selling, building rapport, establishing trust, and communicating effectively.

### **The three 'R's in your business**

Refer back to the three 'R's of customer service. Then give two examples for each of the specific aspects of reliability, responsiveness, and relationship that are important to your customers.