

RANDOM HOUSE  BOOKS



Perfect Customer Care

Ted Johns

Contents

About the Author

Other Titles in the Series

Title Page

Dedication

Acknowledgements

Introduction

1. Why Does Customer Care Matter?

2. What is 'Good' Customer Service?

3. Who Are Your Customers?

4. How Well Do You Meet the Needs of Your Customers?

5. How Can You Motivate People to Give Quality Customer Service?

6. Achieving Sustainable Competitive Advantage Through Customer Service

7. Training for a Customer-Service Mentality

8. Why You've Got To Do It And Keep On Doing It

Appendix A: Outline Customer Quality Service Questionnaire

Appendix B: Customer Service Checklist

Further reading

Copyright

About the Author

Ted Johns, PhD, MA(Soc), BSc(Econ), FIPM, ACIS, MIMC, MIMgt

For the past 26 years, Ted Johns has directed *The PROSPER Consortium*, a group of consultants specializing in the improvement of managerial performance. During part of that time he was Head of the Personnel Management Division in the Business School at Thames Valley University, where he was responsible for various post-graduate and post-experience programmes in human resource management. From 1983 onwards, Ted Johns has concentrated exclusively on his consultancy career.

Ted Johns has written five books, including *Perfect Time Management* (Century Business, 1993) and for 11 years acted as Managing Editor for the *Sundridge Park Management Review*. Current and recent consultancy and training clients have included SmithKline Beecham Consumer Brands, Philips Electronics, Pearl Assurance, Unilever, British Aerospace, the British Red Cross, and the General Electric Company (GEC). Apart from assignments in the UK, Ted Johns has designed and led training programmes on mainland Europe and in the Far East. He is a Chief Examiner for three professional bodies; he has lectured at the universities of Bradford, Kent, Sussex and Reading; his qualifications include full membership of the Institute of Management Consultants.

Ted Johns is much in demand as a keynote speaker at in-company conferences, meetings and seminars, on topics associated with time management, quality and customer care, transformational leadership, and creative innovation.

OTHER TITLES IN THE SERIES

Perfect Assertiveness Jan Ferguson

Perfect Business Plan Ron Johnson

Perfect Career Max Eggert

Perfect Communications Andrew Leigh and Michael
Maynard

The Perfect Conference Iain Maitland

The Perfect Consultant Max Eggert and Elaine van der Zeil

Perfect Counselling Max Eggert

Perfect CV Max Eggert

Perfect Executive Health Dr Andrew Melhuish

Perfect Financial Ratios Terry Gasking

Perfect In-House Training Colin Jones-Evans

Perfect Interview Max Eggert

Perfect Leader Andrew Leigh and Michael Maynard

The Perfect Meeting David Sharman

Perfect Negotiation Gavin Kennedy

Perfect People Skills Andrew Floyer Acland

Perfect Presentation Andrew Leigh and Michael Maynard

Perfect Relaxation Elaine van der Zeil

Perfect Stress Control Carole McKenzie

Perfect Time Management Ted Johns

The Perfect Appraisal Howard Hudson

PERFECT CUSTOMER CARE

All you need to get it right first time

Ted Johns

RANDOM HOUSE

BUSINESS BOOKS

To Wendy:
who knows how to generate customer delight

and also

To all those organizations which get it wrong, not just once,
but day after day, revelling in their customer-service
ignorance like pigs in muck

Acknowledgements

First things first. My partner, Wendy Ingram, prepared most of the manuscript for the publisher, and did an impeccable job, as she always does, against some tight deadlines.

The people who've helped me by contributing ideas and material for the book's content, however, are the very people I can't name because of the libel laws. They're the people who make me wait in front of an empty counter (while they gossip among themselves), who hear phones ringing but don't answer them (because it's their lunch hour), who get my name wrong, who take three weeks to reply to my letters, or who never reply at all. They're the people who never smile and who think that eye contact is akin to rape; they make promises they have no intention of keeping; they believe that if the customer complains there is something wrong - with the customer; they cheerfully make their clients put up with behaviour which they would never tolerate if it happened to them.

I'd like to name some of these people, but my publisher tells me it would put him out of business. In any event, I can't name some of them simply because they don't have names. I assume this is the case because they don't tell me who they are, refuse to tell me who they are when I ask them, or hide behind illegible signatures.

So the best I can do is to identify some organizations which have imprinted themselves on my consciousness. This may be because their customer care is superb, a model of its kind. Alternatively, it may be because they

don't yet know the meaning of the term, and at some time in the recent or distant past, they have made me suffer for their ignorance. The organizations I'm thinking about include British Airways, Prudential Assurance, the Currys/Dixon group, Forte Hotels (especially the Posthouse subsidiary), Woolworths, Safeway, BT, Malaysian Airlines, Tandy and Southern Water. I'll leave it to you to work out whether these organizations have been named because of their excellence or because of their dross.

Introduction

'Customer care' is already becoming a slightly outmoded phrase and will eventually follow other phrases like 'job enrichment' and 'human relations' into oblivion. What won't descend into oblivion, however, is the need to satisfy customers. Like the drive towards quality improvement, creating customer delight is a never-ending odyssey, delivering promises to the promised land of sustainable competitive advantage.

The idea that *all* organizations have customers has burst only recently upon a stupefied and complacent world. Some have yet to acknowledge that the customer concept applies to them; some believe that it does, but they've gone alarmingly wrong in specifying who their 'customers' might be; some have embraced the notion of customer care but have done little else; some are doing their best but are rather better at talking *at* their customers than at listening *to* them. So while a few organizations lead the way, others have a lot to learn. This book is for them.

Fortunately 'customer care' is now so well established - as a money-maker for consultants, if nothing else - that we can learn from the mistakes of the path-finding pioneers. We can also benefit from the presence of impressive benchmark standards, achieved by the likes of Rank-Xerox, Kwik-Fit and even BT. As customer expectations are continually raised, we register even more powerfully the bad experiences we encounter almost every day as customers and clients, of, say, insurance companies, hotels, the transport system (in all its forms, but especially British

Rail), the National Health Service and local government. Here we see, indeed, examples of organizations which still consider that they have met their customer-care obligations by answering the phone within three rings. It never seems to occur to anybody that we customers may like the person answering actually to be friendly, helpful and informative.

So **Perfect Customer Care** is principally targeted towards the organizations, senior managers, chief executives, middle managers and front-line customer-service staff who have barely begun to transform themselves into customer-thinking vehicles. It makes some fairly obvious but significant points about the importance of the customer, about the need to define 'customers' in a way which enables us to concentrate our efforts on satisfying the people who can help us survive, and about what customers would like us to do, whatever business we're in, whatever product we make, whatever service we provide. How customer expectations can be delivered - in strategic, tactical and operational terms - is the theme of the final chapters.

If you're in paid employment, this book is for you because you have some customers somewhere, either inside or outside your organization.

If you're self-employed, this book is for you because you must make yourself acceptable to your customers if you are to stay in business.

If you're unemployed, this book is for you because (on the assumption that you're actively looking for work) any potential employer is a 'customer' who has to be attracted and retained for as long as possible.

Whatever category you're in, simply take the concepts outlined here and translate them into your world. You've nothing to lose, everything to gain, and you can't go wrong.

CHAPTER 1

Why Does Customer Care Matter?

ON THE FACE of it, this is a daft question. If you don't care for your customers, you must surely go out of business. But this isn't always the case. Here are some exceptions:

- 1) **You may be competing with other organizations that don't care about their customers either.** So your customers get used to a uniformly poor and depressing level of customer service. You're only in trouble if one of your competitors suddenly raises its level of customer care and, as a result, raises the expectations of clients across the board.
- 2) **You may be able to compete on factors other than customer care, like price.** Indeed, you may well believe (mistakenly, as it happens) that if you raise your level of customer service, your costs will rise and so must your prices, with the result that your sales will drop and you'll have to raise prices still further in order to sustain your cash flow. Thinking like this becomes a self-fulfilling prophecy: so long as your prices are rock-bottom and you're doing brisk business, you see no reason to change - even if it also means that your margins (and therefore your profitability) are smaller than they could be.
- 3) **You may not need to compete at all if you're a monopoly.** You can treat customers with indifference, even contempt, and they will continue to come back for more because they have no option. This is the position enjoyed by the Department of Social Security, by local authorities, and

by some service functions (like personnel and training) within organizations. People employed in these functions don't even recognize that they have 'customers' at all, and their behaviour is constructed from that assumption.

l) You may be a solitary genius, offering products or services which are in great demand and which nobody else is yet in a position to imitate. In a sense, therefore, you are like a monopoly supplier and as such you can afford to be arrogant: making your customers wait, giving them what you think is good for them rather than what they have asked for, even being selective about whether you accept potential customers in the first place and whether you give them the priority they seek. This kind of position is conventionally enjoyed, from time to time, by specialized computer freaks, by consultancy gurus, by film and TV directors, and so-called financial wizards.

If you've just opened this book, read Chapter One so far, decided that you (or your organization) fits one of the four groups listed above, then you may be about to put the book back on the shelf, confident that it can say nothing useful to you. Before you do so, however, please take a few moments to read the next page or so, because doing so will make you uncomfortable.

The four scenarios already listed are temporary, highly dangerous and encourage complacency and inertia which lead eventually to corporate collapse or organizational decline. Why?

l) If you and all your competitors are indifferent to customers, and therefore aren't really competing at all, what happens if one of them suddenly does seek to create a competitive advantage through a reputation for customer service (for example, Kwik-Fit in the tyre market)? All the time you continue to act as

before, you will be left behind as your innovative rival grabs market share. This process can continue, moreover, so long as customer care continues to be the competitive edge, until you are bought out or finally surrender. And should you think this could never happen, because your competitors are as sleepy as you are, don't be so sure. Somebody, somewhere, will eventually wake up to the benefits of customer care as a hugely cost-effective Unique Selling Proposition. It may be somebody who picks up a book like this one and starts to think about its potential applications, somebody who's learnt about positive customer service on the receiving end of Marks & Spencer, or somebody who absorbs the messianic messages of customer service while they're at college. What you can be certain of, in an uncertain world, is that it's going to happen sometime.

2) Competing solely on price is based on the assumption that cost is the dominant, or even the only, factor in purchasing decisions, whether made by individuals or by organizations. The evidence completely contradicts this belief. Virtually every survey of consumer motivation puts price *below* other critical factors like quality, 'value-for-money', courteous service and rapid availability. Obviously there are exceptions, but it's worth noting that in most fields of commercial endeavour (for example, retail foods), companies that compete on price alone have not been conspicuously successful when contrasted with those that mingle price with other significant features of the marketing mix. It is equally clear that price is only one element in corporate purchasing decisions. Clearly, if other factors are held constant, then a price advantage may be crucial in securing business - but it is rare, very rare, for other factors to be constant when price sinks to rock-bottom levels. To illustrate our point, here's one recent study of the factors influencing corporate

purchasing decisions among head-office buyers for a major UK food product group:

Hierarchy of Customer Service Elements Among Head Office Buyers (UK Food Groups)

Product availability

Prompt quotation

Representatives

Order status

Distribution system

Delivery time

Pricing

Merchandising

Product positioning

3. Invoice accuracy

1. New products

2. Advertising

3) You may be a monopoly now, but will you be one for ever? The British economy is littered with examples of organizations that have suddenly found themselves exposed to competitive conditions: 'market testing' in government departments, airports, electricity supply, and the like. Nowadays it is much more common for internal service functions to compete for 'contracts' with external agencies, especially in such fields as in-house catering, training and corporate transport facilities.

Some were prepared for the change, or adapted rapidly to the new situation, and some weren't or didn't. The degree of suffering has been directly proportional to the complacency and inertia with which some organizations have confronted their open-market scenario, given that monopoly (or quasi-monopoly) is almost invariably associated with high costs, high prices,

overmanning, an introspective mentality and an indifference to the external world (especially 'customers'). Even if you do enjoy a monopoly position today, it surely makes strategic sense to act as if you don't, in order to pre-empt antagonism, and delay what you might undoubtedly regard as the 'evil day' when you actually do face the real world. This may seem like good advice, but it's never been heeded by some organizations, especially those in transportation, that have sought to kill their competition at every turn so that they can return to their comfortable security of single-supplier status once more.

l) **OK, so you're a genius.** You can afford to be temperamental, an ego-maniac, awkward, aggressive, domineering - *but only so long as your genius is in demand.* And if you're too obnoxious, your clients will look elsewhere for more amenable substitutes. So arrogance carries the seeds of its own destruction. Being difficult, moreover, is a two-edged weapon because it's likely to mean that your customers become more difficult, too: things take longer to happen, clients are mysteriously unavailable, invoices are challenged. By being difficult you end up making your own life difficult, and where's the benefit in that?

CUSTOMER CARE IS IMPORTANT FOR EVERYBODY

So far we've argued that whoever you are, whatever you do, concern for your customers is a vital ingredient in your success, effectiveness and future prosperity. Let's go on to make a few more assumptions.

1. Everybody does have 'customers'. Some people believe that customer care doesn't apply to them because they don't have customers - and they probably don't, if the

word 'customer' is used in its old-fashioned, restrictive and traditional sense. However, if we extend the definition of 'customer' to cover the people for whom you provide a service, whether inside or outside the organization, then the concept is much clearer. Using this approach, the people in the next department to yours are your 'customers', as are (if you are in an internal service role) the line managers who come to you for advice and assistance, or the project manager for whose team you supply an input. It makes good sense to regard your boss as your customer, too, especially if he complains about the quality of service you give him.

2. Customer care isn't enough. For many people and organizations nowadays, a high standard of quality and customer care is taken for granted. Customer service, in other words, is a necessary but not a sufficient condition of competitive survival: to stay in business, you must pay attention to your customers, but doing so will not give you a sustainable advantage against your competitors, especially as customer-service practices can be easily imitated. If one company (Kwik-Fit) introduces a telephone hotline to its managing director so that complaints (and compliments) can get quickly to the top, then other companies in the same field of business (or even in other businesses) can instantly do the same. Reading this book, and acting on it, won't guarantee that you and your business will prosper because other things matter as well:

Even if your customer care is brilliant, you must still have a product or service that people want or need.

Your customers must also be prepared to pay for the product or service you are offering. Although price is only one factor in the customer's mix of decision elements, as it were, it may be that the price being charged for whatever you have on offer is prohibitive and therefore you lose

customers. This is all the more depressing if you personally aren't responsible for fixing the price.

Whereas excellence in customer care was once a relevant offensive strategy for grabbing extra market share, it's increasingly a defensive necessity.

Some salutary stories: how to do it, and how not to do it

1. *General Motors and Nissan.* General Motors was having trouble with a supplier of car seats whose quality was persistently deficient. One day a couple of GM executives attended a conference at which a speaker from Nissan referred to the excellence of the company's seat supplier. *It was the same company that GM was having trouble with.*

Both 'customers' (GM and Nissan) had provided the supplier with a specification, but only Nissan gave regular, detailed feedback about problems.

Moral: Performance can only improve if customers complain.

2. *Xerox Copiers.* At one time, Xerox had the copier market to itself. But, as Joseph Juran writes, 'There was a snake in this paradise. Its machines were failure-prone. You became very well acquainted with the people who came in to service the machines. So Xerox set up a service department. That solved the problem so far as the company was concerned, but not for the customers.'

The failures continued, and Xerox had to decide whether to redesign the machines to eliminate the failures or increase the size of the service force. They took the latter option, recruiting more service personnel and making a significant profit from the service function. Logically, the product design and manufacturing department now had no incentive to improve the built-in quality of the copiers because to have done so would have reduced the workload (and therefore the profitability) of the service area.

Sensing a flaw in this cosy arrangement, competitors (especially from Japan, and notably Canon) came out with new copiers that did not fail. In the small machine sector they took the market away from Xerox.

Yet arguably the different parts of Xerox were doing their jobs well, albeit in a compartmentalized, inward-looking, short-sighted fashion. Certainly the factory was producing acceptable copiers, and the service function was supplying speedy and efficient service whenever anything went wrong. The only trouble was that the external customers weren't happy, and ultimately they had the opportunity to articulate that unhappiness by taking their custom elsewhere.

Moral: Customer service is **efficient** if it means putting things right which have gone wrong; customer service is **effective** if the product is right first time. To put it another way: the best kind of customer service isn't even noticed by the customer because it happens before the product/service even reaches the customer.

3. *Procter and Gamble.* When P&G opened a direct phone line for consumers, they handled thousands of calls each month. Only about 20 per cent referred to the taste of the toothpaste or the whiteness created by the washing powder. Eighty per cent of complaints were about seemingly peripheral issues: boxes, handles, tube-tops, colours and typefaces.

Similarly, a Swedish study has found that only 17 per cent of customer problems were concerned with whether the product or service worked as claimed. Instead, the vast majority of problems reflected criticism about what may have seemed to be less significant dimensions, like delivery or packaging.

Moral: The majority of customer complaints will not directly relate to the quality of the service/product, but to the peripheral issues. Quality in the eyes of the customer is always supposedly much more than the quality of the

product or basic service offered. In judging how well the product/service meets his needs, the customer wraps everything into one:

Product/service reliability

Consistency

Speed and timeliness of delivery

Accuracy of paperwork

Courtesy of telephone answering

Value of information given (e.g., product/service user instructions)

Reputation of the delivering organization

Positive attitude by staff

All these elements are important, and some are critical. The only reliable way to find out is to look and listen, and to supply positive opportunities for giving feedback: surveys help, but don't provide real, understanding.

4. *Tourism in the former USSR*. This story is told by a marketing expert specializing in tourism, who was advising a Soviet resort on how to attract more Western visitors. He had a long, fruitless discussion with the tourism officials; every suggestion he made was greeted with obstacles and difficulties. If he argued that bicycles should be rented to young holiday-makers, the Russians insisted that this could not be done 'because it would be too dangerous'.

At last one of the Soviets said, 'Visitors to the Soviet Union have got to realize . . .'

The consultant interrupted. 'Just a minute. A tourist does not have to realize anything. A tourist sits in Manchester or Manhattan and chooses a two-week holiday. The choice is no different from a decision over motor cars or meals.'

Moral: The problems of the manufacturer or the chef are not the problems of the consumer. Customers are not interested in your shortage of staff, the fact that the