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SERVICE

DO YOU REALLY CARE

FAILURE

ABOUT YOUR CUSTOMER?

JEFF TOISTER



IF YOU BOARDED a United Airlines flight in 2012, you likely saw a video featuring United's CEO, Jeff Smisek, giving passengers a pre-flight pep talk about how United is building a better airline.

There are various versions of the video, but they all convey the message that United cares about the passenger experience and is investing heavily in improvements.

One of the times I watched this video was on a flight from Washington Dulles to San Diego. The flight was over two hours late due to unspecified operational problems, a common occurrence when flying United these days. To make the trip more annoying, all of the lavatories ran out of toilet paper halfway through the flight because the ground crew had neglected to re-stock this very important item. The next day, I wrote a complaint email to United's customer service department but never received a response. Nothing on this trip matched the message Smisek was trying to convey in his marketing video.

My experience with United is not unique. In fact, United was responsible for a whopping 34 percent of consumer complaints filed with the U.S. Department of Transportation in August 2012. They also ranked dead last among airlines on the 2012 American Customer Satisfaction Index. Smisek's video message simply didn't ring true with the actual experience of flying United Airlines.

Unfortunately, this type of story is all too common. Executives may claim to care about their customers, but their actions frequently suggest just the opposite. How else could you explain hitting loyal customers with a sudden 60 percent price increase (Netflix, 2011)? Would a company that cared about service really try to implement a \$5 fee on debit card transactions and then defend the move as something that customers would appreciate (Bank of America, 2011)? Can a company that cares about its customers really implement a procedure where pennies are literally stolen from its customers at the point of sale by rounding down the amount of change due when customers pay with cash (Chipotle, 2012)?

I know what you are thinking. You're different. You truly care about customer service and would never resort to price gouging or penny stealing. I hope so. And, the mere fact that you've read this far and may have even been a little indignant about a company skimping on toilet paper speaks volumes about your character.

Still, do you really care about customer service?

In my experience, there are three major traits that separate executives who don't really care about customer service from those who are obsessed with it:

- 1 **Ignorance.** You don't care about service if you don't know how customer service affects your business.
- 2 **Fear.** You don't care about service if you're afraid of your customers and what they might say about your company.
- 3 **Greed.** You don't care about service if you seek short-term profits that erode customer satisfaction and long-term stability.

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IGNORANCE

On my first day of college, all of the incoming freshmen gathered for a special address by our university's president. During his speech he explained that college could be very easy if you just organized your day properly. He suggested that each of us devote ten hours per day to studying, eight hours per day for a good night's sleep, and spend the remaining six hours having fun.

This kind of oversimplification is exactly how many executives think. They paint broad pictures using aggregate numbers that may have little to do with reality. It had been many years since the university president had been a student himself, so he lacked the appropriate insight that an auditorium full of college freshman grasped immediately. College life was exponentially more difficult than a simple 10-8-6 plan for organizing your time.

When it comes to customer service, many executives suffer from a similar type of ignorant delusion. A famous 2006 study by Bain and Company called "Closing the delivery gap" found that 80 percent of executives felt their companies offered outstanding customer service, but only 8 percent of those companies' customers agreed. This significant gap occurred because executives had no real data on the quality of their company's customer service so they simply assumed it was good.

Adult learning professionals refer to this condition as unconscious incompetence; in other words, you don't know what you don't know. One of hallmarks of someone who is blissfully unaware of their own shortcomings is a sense of overconfidence. As the Bain and Company study reflects, many executives are wildly overconfident about their company's ability to deliver outstanding service because they have no information to tell them otherwise.

The most common contributor to executives' ignorance is outstanding service hasn't been clearly defined. If a company's executives can't describe what the expected level of service looks like, it's impossible to expect frontline employees to know what to do. It also means that strategies, processes, and policies are created haphazardly, without a common vision to unify them.

Some companies make a half-hearted attempt to define outstanding service, but their effort doesn't go beyond crafting a set of empty mission statements, visions, and slogans. A customer service manager once told me her company's executives had ordered her to develop the whole menu of inspiration, including a mission, vision, values, and credo. She had pushed back a little by asking them to explain what these statements should mean or what the executives felt the company stood for. The answer she received was, "We don't need to spend time on that; just go develop the stuff and roll it out to your team."

Another contributor to executive ignorance is a lack of data. Almost any company is awash in financial data, but solid data on customer service is hard to find. For example, nearly a third of all call centers fail to capture any data on customer satisfaction (Source: ICMI, 2011). Executives in these companies must rely on anecdotal information to spot trends, and service failures are dismissed as one-time occurrences since this type of data isn't aggregated to reveal whether or not a systematic failure exists.

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Even when companies do make an attempt to gather some information on customer satisfaction, these efforts are often woefully deficient. Some surveys are so poorly constructed that any information they glean is worthless. For example, I recently took my car in for an oil change and received a follow-up survey with 36 questions. Despite having too many questions, the survey did a poor job of asking whether I was satisfied, whether I felt there were specific opportunities for improvement, and what they could do to earn my future business.

In some cases, when managers or individual employees are incentivized to achieve high survey scores, the data is deliberately manipulated. Cashiers will explain the survey instructions listed on the receipt to happy customers but conveniently fail to mention the survey to patrons who appear to be dissatisfied. In one extreme example, an individual Gap store devised a scheme to offer any customer a 20 percent discount in exchange for giving the store a perfect 10 on Gap's customer experience survey (Source: VerticalResponse blog, 2011).

What separates the customer-obsessed from the rest? Customer-obsessed executives work tirelessly to identify blind spots and take action to improve their company's service. They start by creating a clear definition of what outstanding service looks like and then use that definition to drive important decision-making from strategy all the way down to how frontline employees are hired and trained. Most important, every employee knows this definition and understands how they personally contribute to delivering that level of service to their company's customers.

Customer-obsessed executives are data-hungry. They consistently ask questions such as, "What can we do to improve our business?" and then look for hard data to provide the answers.

Southwest Airlines is an example of a company run by customer-obsessed executives. Their mission statement clearly defines what outstanding service means to them:

“The mission of Southwest Airlines is dedication to the highest quality of Customer Service delivered with a sense of warmth, friendliness, individual pride, and Company Spirit.”

Unlike the empty promises made in the pre-flight video on United Airlines, the passenger experience with Southwest Airlines rings true to their mission. Southwest employees are friendly, they use their unique personalities to create extraordinary experiences, and they are clearly enthusiastic about the company. Even better, Southwest actively seeks and is responsive to customer feedback.

The results speak for themselves. Southwest Airlines has consistently ranked at or near the top in customer satisfaction ratings for airlines. In August 2012, they had the fewest passenger complaints filed with the Department of Transportation per 100,000 passengers. And best of all, they’ve been profitable year after year while other airlines have seen their net incomes yo-yo up and down.

“Customer-obsessed executives work tirelessly to identify blind spots and take action to improve their company’s service.”

FEAR

One day, I reached out to an entrepreneur I really admired to ask his opinion about Yelp. He runs a successful retail chain, is often interviewed in business magazines, and has even written a book detailing the secrets to his success. If anyone would have some useful insight to share, I figured it would be him.

He graciously responded to my request, but his take was a bit surprising. He told me that he didn't like Yelp at all. One of the reasons he gave was he felt Yelp filtered out some of the more positive reviews of his business because he wouldn't advertise with them. He also mentioned that he thought many of the negative reviews were posted by bogus customers who were deliberately trying to harm his business's reputation.

I was curious, so I read through the reviews posted about his business. In some cases, he seemed to have a valid point because I found several reviews that didn't appear to be written by a real customer. However, other reviews appeared to contain a lot of constructive criticism that might be used to improve this retail chain's service. I wondered if this was being overlooked in an effort to dismiss the Yelp reviews altogether.

This entrepreneur's feelings about Yelp are fairly common. Executives' fear of what customers may say about their business blinds them to the fact that even profane, exaggerated reviews can contain truthful information. For some executives, particularly in small businesses, this fear turns to anger that causes them to lash out and write angry responses. And, whether the reviews are fair or not, the executives often forget that other potential customers are using them to decide whether or not to do business with a company.

In the classic Jim Collins book, *Good to Great*, he reveals that a common trait of executives who lead their companies to greatness is a willingness to confront the brutal facts. Sometimes, these brutal facts include customers complaining about your business online or responding negatively on your own internally-run customer service survey. Executives who are afraid to face the truth tend to get defensive in the face of criticism and tune out any feedback that could help them actually improve their business.

Fear can also drive companies' strategy for social media outlets such as Twitter or Facebook. Executives embrace social media's ability to broadcast their marketing message, but that's only the "media" part of the equation. On the social side, many companies simply ignore their customers. A 2011 study by consulting firm A.T. Kearney revealed that 56 percent of the top 50 brands didn't respond to customer comments on Facebook and 71 percent ignored customer complaints on Twitter.

These platforms represent a way for customers to directly interact with a brand, but they also contain a lot of scary unknowns. Executives worry that they can't control the message or they're afraid that their employees will misrepresent their company and write the wrong thing for the whole world to see.

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Many executives may fear social media because they just don't understand it. According to a 2012 study by Domo, 70 percent of CEOs at Fortune 500 companies don't personally use social media. In a way, this reminds me of executives fifteen years ago who were waiting around to see if “this world wide web thing” would take off before making an investment.

What separates the customer service-obsessed from the rest? Customer-obsessed executives have the guts to face the truth, even when it isn't pretty. They take a hard look at the data and vow to do better.

Sprint's CEO, Dan Hesse, is an example of an executive who benefited from confronting the brutal facts. When Hesse took over Sprint in late 2007, the company had a reputation for miserable customer service and trailed its largest competitors in the American Customer Satisfaction Index by a wide margin. Hesse immediately made moves to turn things around, including appointing a Chief Service Officer to focus the executive team on service issues and focusing Sprint's numerous call centers on resolving customer problems on the first call. He also appeared in an advertising campaign acknowledging Sprint's deficiencies and vowing to do better.

The results have paid off. Over the past several years, Sprint's reputation has steadily improved and they are now the highest rated wireless telephone service provider in the American Customer Satisfaction Index.

GREED

When the navigation system on my car suddenly stopped receiving traffic updates, I called customer service to see if a technical support representative could fix the problem remotely. The representative told me my service could easily be restored, but said I had to pay for an extended subscription before she would help me. This was despite the fact that I still had several months remaining on the current subscription that I had already paid for.

It turned out that this company had created an extortionist policy that required their customer service representatives to attempt to strong-arm callers into spending more money before providing any assistance.

While this may be an extreme example, executives driven by greed frequently make decisions based on a desire to turn a quick profit rather than create long-term, profitable relationships with their customers. In their book, *The Ultimate Question 2.0*, Fred Reichheld and Rob Markey coined the term “bad profits” to refer to “actions that hurt customer relationships for the sake of short-term gain.” Executives who pursue bad profits are enamored with the idea of making some easy money, but their lack of regard for their customers often causes problems in the long-run.

Examples of executive greed abound. When Netflix suddenly raised their prices by 60% in 2011, they had done an analysis that revealed their service would still be competitively priced even after the price increase. That’s a very rational argument, but it failed to take into account the emotional impact such an enormous price increase can have on customers. Netflix’s subscriber base and share price both plummeted as a result of this move.

When Bank of America decided to charge some of its debit card users a \$5 monthly fee in 2011, it was trying to recoup revenue it would lose as a result of new laws limiting the fees they could charge for debit card transactions. Their financial modeling revealed an opportunity to make a quick profit with the new fee, so they decided to move forward. What they didn't count on was the enormous amount of consumer outrage that resulted in hundreds of thousands of customers closing their accounts and moving them to other banks or credit unions that didn't charge this fee.

Bad fees aren't the only way the greed can rear its ugly head. Sometimes, greed can be seen in the absence of service or investment. A badly run-down hotel, call center hold times that stretch over an hour, or a company that knowingly ships defective products it deems too expensive to replace are all evidence of greed driving executive decision-making. These executives worry too much about the costs associated with fixing a problem or upgrading their service, and care too little about the negative impact it will have on their customers.

What separates the customer service-obsessed from the rest? Customer-obsessed executives still care about making a healthy profit. The difference is they understand that deriving profits from serving your customers is a lot more sustainable than profits derived from screwing your customers.

Squarespace is an example of a company run by executives who put customer focus ahead of greed. Squarespace provides all the tools necessary for anyone to create a professional looking website or blog, and as a result must constantly keep pace with changing technologies. Many companies operating in this space would use each new product advance as an excuse to raise prices, but Squarespace has gone in the opposite direction by continuously offering more value.

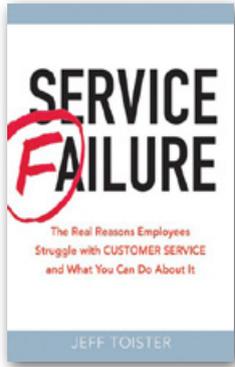
For example, Squarespace decided to streamline its pricing plans to offer a simpler set of choices for customers subscribing to their services. In many cases, the new subscription plans were less expensive than what their existing customers were paying, so Squarespace gave its current customers the option of moving to one of the new plans. Customers who made the switch were given a credit for the difference between what they had paid for their old subscription and the cost of the new subscription.

Squarespace didn't have to give away this money, but they realized it was the right thing to do to continue investing in long-term relationships with their customers. While issuing those credits may have temporarily hurt revenue, it also encouraged existing customers to renew their subscriptions for a longer term.

DO YOU REALLY CARE ABOUT CUSTOMER SERVICE?

Actions are ultimately what separate customer-obsessed executives from executives who simply don't care. Executives driven by ignorance, fear, and greed consistently make decisions that are anti-customer. They may cling to lofty mission statements and catchy slogans, but these have zero meaning until they become a reflection of reality. The actual mission is more important than your mission statement. **After all, it doesn't matter how awesome your planes will be in the future if they can't arrive on time today and aren't fully stocked with toilet paper.** 🚽

Info



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ABOUT THE AUTHOR | Jeff Toister is a customer service expert with more than 20 years of experience serving customers at the highest level. Today, Jeff is the President of [Toister Performance Solutions](#), a consulting firm dedicated to helping companies improve customer service. His clients range from Fortune 500 companies to his local plumber. While Jeff is skilled in many facets of customer service, he is best known for his highly interactive training programs and keynote presentations. He is a nationally recognized employee training expert and was one of the first recipients of the Certified Professional in Learning and Performance (CPLP) credential from the American Society for Training and Development.

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