



Creating a Customer-Focused Culture

Presented by Phil Harwood

Great customer service is becoming increasingly rare while mediocre and even poor service is becoming the norm. Despite this trend, some have discovered how to create a culture of world class customer service and are reaping the rewards of increased customer and employee satisfaction. This session will provide you with insights and tools to create such a culture in your company.

In general, customer service at my company is (choose one):

- A. Exceptional
- B. Good
- C. Acceptable
- D. Marginal
- E. Poor

This is from your perspective. However, your opinion is not as important as that of your customers. How do you think your customers would rate your company? That's a better question!

Bain & Company Research Findings

- 80% of companies claim to have superior customer service
- 8% actually do (according to their customers)

What does this mean? What are the implications?

1. Easy to deceive ourselves
2. Superior CS is unusual
3. Companies struggle delivering superior CS
4. Takes more than lip service to make it happen

The State of Customer Service Today

- Mediocre and inconsistent customer service is the norm
- We expect poor customer service
- We are surprised by great customer service
- We are blown away by world class customer service if we ever experience it at all
- Some never experience world class customer service

What does this mean? What are the implications?

1. Need to train our people
2. Need a customer service culture

Governmental agencies – TSA, IRS, DOT, VA Hospitals, etc. – why? No incentive! What about private companies? Do they have an incentive? What about airlines, banks, credit card companies, cell phone companies, cable companies, etc.?

- Intentionally confuse customers (50% of U.S. cell phone carrier income is from penalties)
- Require contracts that are difficult to break
- Hide fees in fine print
- Take customers for granted
- Striving to be the “low-cost” provider
- The customer is a hassle, an interruption, a necessary evil...

They agencies and companies intentionally – willfully – strategically – mistreat their customers. But, aside from these examples, most businesses really do want to treat their customers well. Do you believe that? If so, then why is world class customer service such a rare occurrence?

Take a look at your front line employees – those who are responsible for delivering service on behalf of the company – and who are often the closest to your customers. Today’s front line employees are a product of their environment and experiences. Soft people skills have eroded as our world has less human interaction than ever before.

We download books, stream music, work from home, home-school our kids, attend webinars, go the ATM, shop online, pay at the pump, email, text, self-checkout, and drive-through.

I recently had dinner at a restaurant where I placed my order through an iPad, swiped my credit card, and my meal was dropped off by a person who never broke stride.

This is the reality that we now live in. Today’s younger generation never learned how to interact with people the way your customers’ expect to interact with them. They need to learn how. You need to teach them how. Some will get it and some won’t. But, the burden is on you as the employer – if you want to have world class customer service.

Front Line Employees – 3 Realities

- Limited soft people skills
- Limited exposure to world class customer service
- Limited training for both

What does this mean? What are the implications?

A front line employee only knows what they know. Chances are they don't routinely travel first class, stay at 5-star hotels, dine at exclusive restaurants, and get catered to like the rich-and-famous. Their life experiences determine what they know to be acceptable or not acceptable. We should not assume they should understand how your customers wish to be treated based on their own experiences and judgments. Companies need to focus their training on these areas – soft people skills and customer service – in addition to technical skills training.

Let's look at some examples of companies with superior – or world class customer service to see what we might learn from them.

World Class Customer Service Examples

- Amazon.com
- Starbucks
- The Ritz-Carlton

Amazon.com

Founded in 1994 as an online bookstore / widely criticized by the business world for its business model and over-commitment to customer satisfaction at the expense of profitability / failed to turn a profit until 2001 when it eked out a small \$5M profit / today Amazon is the largest internet-based retailer in the U.S. 222,400 employees (October 2015) / 2014 revenues were \$89B – net income was only \$241M (0.27%) – terrible / and yet, Amazon passed Walmart as the most valuable U.S. retailer in terms of market valuation

In 2008, there was a NYT article written by a business columnist (Joe Nocera). This writer had ordered a Sony PlayStation through Amazon.com as a Christmas gift and had it shipped to his building. It was signed for by a neighbor and left in the building lobby, where it disappeared. Much to his surprise, Amazon.com shipped a new unit to him free of charge. It arrived Christmas Eve. Even the shipping was free.

Amazon continues to innovate for its customers-sake with new launches like Amazon Prime, local store pickup options, and experimentation with delivery drones.

What can we learn from Amazon.com?

Starbucks

Starbucks is our next example of a company that exemplifies WCCS. It is a great example for two reasons. First, because the company knew what its customers wanted even before they did themselves – a “third place” to hang out – an experience, not just a cup of coffee. Delivering customer service at its core is about understanding your customers intimately and anticipating their needs. Few companies today do this better than Starbucks.

Second, because Starbucks destroys the argument that price is all that matters. End of story. Never speak those words again for the rest of your life. It’s not true, unless you make it true. It never was about price. It’s always about value. That’s an important concept for each one of us to keep in mind.

Starbucks says, “We are **not** in the coffee business serving people.”
“We are in the people business serving coffee.”

On Feb 26, 2008, Starbucks shutdown all of its 7,100 U.S. locations to energize its 135,000 employees and provide some barista re-education in the "art of espresso" according to CEO Howard Schultz. In a memo to employees and the public, Schultz said the goal of the closure was to improve the so-called "Starbucks Experience" — the company's shorthand for its mixture of service, ambience and coffee that spurred its explosive growth and success in recent years.

He said, "We are passionate about our coffee. And we will revisit our standards of quality that are the foundation for the trust that our customers have in our coffee and in all of us."

The move comes about a year after a memo was made public in which Schultz openly fretted about whether the Starbucks brand was being watered down by changes including adding automated espresso machines and using pre-ground, pre-packaged coffee in stores. Both moves have robbed the stores of some of their aroma and romance but have allowed customers to get their caffeine fix more quickly.

What can we learn from Starbucks?

The Ritz-Carlton

Another WCCS example is The Ritz-Carlton – a luxury hotel chain operating in 26 countries and 38K employees. Despite its size and the diversity of language and culture, the company has successfully trained each and every person – including front line personnel about how to deliver the customer experience their guest’s expect to receive – even though most of these employees never stayed at a luxury hotel before. And yet, because of the extensive training they receive, every single RC employee is empowered up to \$2000 per incident to resolve an issue or delight a guest. Wow!

R-C Gold Standards are the foundation of The Ritz-Carlton Hotel Company, L.L.C. They encompass the values and philosophy by which we operate and include:

[The Credo](#)

[The Motto](#)

[The Three Steps of Service](#)

[Service Values](#)

[The 6th Diamond](#)

[The Employee Promise](#)

The Credo

The Ritz-Carlton Hotel is a place where the genuine care and comfort of our guests is our highest mission.

We pledge to provide the finest personal service and facilities for our guests who will always enjoy a warm, relaxed, yet refined ambience.

The Ritz-Carlton experience enlivens the senses, instills well-being, and fulfills even the unexpressed wishes and needs of our guests.

Every day in every Ritz-Carlton hotel on every continent, every employee participates in a brief meeting which includes at least one aspect of the Gold Standards to reinforce it, role play, and hone skills. In addition, every employee carries a wallet-sized "Credo Card" in their uniform pocket for reference.

Three Steps of Service

1. A warm and sincere greeting. Use the guest's name.
2. Anticipation and fulfillment of each guest's needs.
3. Fond farewell. Give a warm good-bye and use the guest's name.

Motto

At The Ritz-Carlton Hotel Company, L.L.C., "We are Ladies and Gentlemen serving Ladies and Gentlemen." This motto exemplifies the anticipatory service provided by all staff members.

What can we learn from The Ritz-Carlton?

So, world class customer service is possible. But, what's the ROI? Is it worth the effort? Or is it OK to be mediocre or just slightly better than the competition? That's a great question... What do you think?

The ACSI, produced by the University of Michigan, measures customer satisfaction across the U.S. economy. Their extensive research conclusively shows that companies with consistently superior customer service outperform their competitors in many areas:

- more repeat business
- less pressure on prices
- more premium priced sales
- more cross-selling
- greater marketing efficiency
- lower warranty issues

- fewer complaints
- higher employee satisfaction
- higher profit margins
- and higher stock prices

The ROI of Customer Service

- American Customer Satisfaction Index (ACSI)
- Benefits of consistently superior customer service
- Bain & Company report
 - 1% improvement in ACSI score = 7% in cash flow

What does this mean? Is it significant? Is the ROI there?

I think we'd all like to work for an organization that is dedicated to world class customer service, but the real question is, "How do we turn our company into one of these organizations?"

Think about your best customers – the ones you want more of. What is their profile? We need to understand our customers' needs before we can meet these needs.

There are 6 questions to be answered:

1. Who are they? Describe the typical customer.
2. What does a typical day look like for them?
3. What types of pressures do they face?
4. Why did they hire you? What are they expecting to receive?
5. How might it affect them if you don't meet their expectations?
6. What can you do to separate yourselves from the competition?

For example, one of my target customers was a commercial property manager. She was a 45-year old married woman with 3 children. She works long days, from 7 am to 7 pm most days and is on call 24/7/365. She has pressures coming at her from every angle – tenants, bosses, inspectors, suppliers, and more. Her head is spinning most days and she is always really stressed out. She hired us to eliminate some of her headaches. She's expecting us to be proactive and keep her aware of any issues so she is never blind-sided. Financial surprises are especially bad for her. If we fail, she could actually lose her job. We can set ourselves apart by staying committed to our quality assurance program at all levels.

We need to understand our customers' needs by answering the 6 questions. But that's not enough! We need to take specific steps to implement WCCS practices in our companies for them to become part of the culture.

The Disney organization is going to our example for these steps, shown in your handout. The first step in the process is to create and articulate a Service Vision. Disney's service vision is [to Create Happiness](#). As you will see, they have taken a series of steps to achieve this vision.

World Class Customer Service Steps

1. Create a Service Vision

Walt Disney was a master of creating vision for his people. This statement is a vision for excellence. Vision-casting is a powerful step to take for leaders and is step #1.

2. Create a List of Non-Negotiable Standards

These are standards that should never be violated and always be adhered to – essentials – deal-breakers – whatever you want to call them.

Service Values: I Am Proud To Be Ritz-Carlton

- I build strong relationships and create Ritz-Carlton guests for life.
- I am always responsive to the expressed and unexpressed wishes and needs of our guests.
- I am empowered to create unique, memorable and personal experiences for our guests.
- I understand my role in achieving the Key Success Factors, embracing Community Footprints and creating The Ritz-Carlton Mystique.
- I continuously seek opportunities to innovate and improve The Ritz-Carlton experience.
- I own and immediately resolve guest problems.
- I create a work environment of teamwork and lateral service so that the needs of our guests and each other are met.
- I have the opportunity to continuously learn and grow.
- I am involved in the planning of the work that affects me.
- I am proud of my professional appearance, language and behavior.
- I protect the privacy and security of our guests, my fellow employees and the company's confidential information and assets.
- I am responsible for uncompromising levels of cleanliness and creating a safe and accident-free environment.

Disney's version is expressed in The Four Keys:

Safety

- I practice safe behaviors in everything I do
- I take action to always put safety first.
- I speak up to ensure the safety of others

Courtesy

- I project a positive image and energy
- I am courteous and respectful to Guests of all ages
- I go above and beyond to exceed Guest expectations

Show

- I stay in character and perform my role in the show
- I ensure my area is show-ready at all times

Efficiency

- I perform my role efficiently so Guests get the most out of their visit
- I use my time and resources wisely

3. Get the Word Out

Communicate the Service Vision and Non-Negotiables to all employees. There is a market rule of thumb called the Rule of 7 – people need to hear something 7 times and in 7 different ways before they hear it for the first time. Wow! As leaders, we not only need to communicate the Service Vision and Non-Negotiables to all employees, we need to continue to communicate over and over and over and over again – 7 times just to begin with!

4. Training & Daily Reinforcement

My football team, Michigan State, is 36-5 since 2013 – one of only two teams to finish the season ranked in the top 10 in each of the last 3 years (Alabama). How much time do you think these players spend in training compared to game time action? If a player played 30 minutes of 13 games, that's 6.5 hours per season of game time action. How many hours of training do you think a player puts in for an entire season? Hundreds of hours!

I know it's apples and oranges, but how much time do you spend in training compared to game time situations?

My point is that if we're going to excel at something, we need to train. WCCS is not just going to magically appear... it will be a result of everything we've been talking about today – including training.

5. Create Incentive & Reward Programs

At Ritz-Carlton, each team begins their shift in a daily huddle – every employee in every department! Is there any reason not to do this? This is the most significant move you can make to train and reinforce the right messages with all of your people.

Recognition plays a key part in their success as well. Any Disney employee may fill out one of these commendation slips, which are used to reward and recognize cast members for stand-out behavior in one of the Four Keys.

At Ritz Carlton, they have a Hall of Fame for displaying great service stories to inspire others in the company. Lightning Strikes are daily awards for recognizing superior service. Five-Star Employees are the top 5 employees in the company who delivered exceptional service in the prior quarter – they are invited to a dinner with their spouses and the person who nominated them.

At the end of each year, they recognize the top five of the Five-Star employees with a week's paid vacation and an all-expenses paid trip to any Ritz-Carleton location.

Quote from a R-C General Manager from Sarasota: "We have to constantly make sure we are keeping our employees engaged with the guest, otherwise they could easily focus on the technical aspects of their jobs."

6. Solicit Customer Feedback

We need to obtain the perspective of our customers... only they can speak to whether or not we're providing WCCS. Our perspective is not what matters. So, we need to survey our customers somehow to get feedback about how we're doing. How might we do this? Can anyone tell us what the Ultimate Question and the Net Promoter Score is?

Starbucks uses a simple customer comment card, prominently displayed in every location. Simple, self-addressed cards to obtain valuable feedback from its customers. This is one of the hallmarks of world class customer service – obtaining customer feedback. Think about it...every time.

6 steps to create a culture of WCCS. Will 2016 be the year that you and your organization will become World Class?

Now go forth.

Thank you!

Contact Information

Feel free to contact Phil for:

- Session notes
- PowerPoint presentation
- Questions
- Feedback

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Our mission is to develop high-performing people, teams & organizations.