

Executive Insight >> Thought Leaders

The \$50,000 Customer

Some Perspectives on Customer Service

A woman walks up to a Customer Service Desk in a Department Store and the person behind the desk is proclaiming loudly, "I hate this weather. I hate my dog. I hate this chair. I hate being stuck in Customer Service. Now what do you want?" It's an old joke but regrettably, a joke with some bitter elements of truth framing its humor.

Too often our experience of customer service is disappointing. Sometimes we are outraged. Mostly we are accustomed to service that is just plain old underwhelming. When we get good service we remember. Maybe it's just a sincere smile and greeting. Maybe it's that the other person really listened to your request or question. Maybe they went that extra step for you. Maybe they just did the job well, and the first time. When it happens you feel good, and you'll probably tell your friends, and give positive endorsements to the product or service for some time to come.

At Stew Leonard's Dairy in Connecticut, famous for outstanding customer service, everyone who works there understands that a frown costs \$50,000. It's simple – a customer spends on average \$100 a week on groceries, times 50 weeks a year (minus vacation), times 10 years average residence in the area = \$50,000. And they use this calculation to remind them everyday that a smile can bring \$50,000 to the business that provides their livelihood, and a frown can cost the business an equal amount.

In customer service businesses (and most businesses are nowadays) it's a mistake to believe that the only dissatisfied customers are those that complain. And that if you're not hearing complaints that everything is hunky-dory.

Research undertaken at the Office of Consumer Affairs in Washington DC reports:

- 96% of customers who are dissatisfied with service don't complain.
- 90% of these will not come back again.
- Each one will tell a minimum of 9 other people about his or her experience.

They have gone on to calculate that it's 5 times more expensive for a company to attract a new customer than to keep an old one, so the business

effect of no-satisfaction or outright dissatisfaction can be incredibly significant.

All businesses thrive and survive through the service value provided to customers. Individuals throughout a company are pivotal to delighting customers every day. Many employees deal with external customers daily. Otherwise they are, in the words of Karl Albrecht, generally serving someone who is. Front-line employees are best positioned to know when customers are displeased. They see their reactions, hear their voice tones and listen to their comments. They are also best positioned to knock their socks off with outstanding service. Research has shown that 75% of customers will not defect if their problem is handled in a positive way. This percentage rises to 95% if the resolution is dealt with immediately.

Are customer “moments of truth” (critical incidents that frame a customer’s opinion for positive or negative) worth \$50,000 to your company? It’s a tougher calculation to make in many businesses than in a grocery store, but based on the nature of many businesses, it’s a good bet that \$50,000 is just a starting point. And that should have our attention, and keep us focused on delighting the customer each day.



Charlesmore Partners helps clients develop the organization to deliver their strategies; to convert strategic intent into results.

www.charlesmore.com

Executive Insight Thought Leaders showcase our latest thinking on leadership, business management and organizational practice. Each issue features one or more articles by Charlesmore consultants or our business friends and colleagues on important management topics. The publication also regularly features the results of our research in specific industries, geographic areas, or topics. Executive Insight Thought Leaders are published monthly at www.charlesmore.com as well as emailed to a confidential subscriber list around the world. Add yourself to this exclusive distribution list by emailing subscribe@charlesmore.com.