

# the WATERCOOLER

straight talk on strategic issues®

volume 5 issue 4 march/april 2011



By **Jeanne Bliss**, Founder  
CustomerBLISS

Outside Expert

## Do Your Customers Say **They Love You?**



Are customers saying they love you? At yelp, epinions, Twitter, and hundreds of websites every day, customers who are treated well are not bashful about telling others how they feel. These are some comments I collected when I was researching my book:

- "I'm in love with The Container Store. I go out of my way to find a reason to go there." (yelp.com)

- "Umpqua Bank: They even love my dog there! I wouldn't trust my money with anyone else." (yahoolocal.com)
- "In a way, doing business with CD Baby feels like hanging out with your best buddy. They just make you feel all warm and fuzzy." (epinions.com)
- "I drive out of my way for Chick-Fil-A." (rateitall.com)
- "Oh, Apple, how I love you. You snuck me into your Genius Bar despite being booked 'till the morrow." (yelp.com)
- "You might think that I'm kind of a funny creature, but I'm here to tell you that Customink rocks my world!" (technorati.com)
- "I Love Netflix. They had a shipping problem on Monday. They didn't make excuses or try to slide by. They fessed up." (consumerist.com)

"Beloved" companies earn the right to their customers' stories – by making five decisions that drive devoted customers and business growth.

- 1. They decide to BELIEVE.** They believe their customers, and they believe their employees. And they practice this by first suspending cynicism.

Beloved company Griffin Hospital wanted no secrets between themselves and their customers.

Please turn to page 13



By **Kerry Hester**  
Senior Vice President, Operations Planning and Support  
US Airways

## Case Study



### Service Recovery

# Done Right Pays Off for US Airways



In the airline industry, attracting and retaining preferred customers takes a lot of effort. At US Airways, when we focused our efforts on providing reliable operations, we made tremendous strides. Then, with operations in check, our attention shifted to service – more specifically, service recovery. We knew that to deliver service standards, especially in service recovery situations, each employee's skill and attitude would be critical.

We knew that we needed to help our Reservations and Airport Customer Service employees understand the benefits of delivering excellent service as well as service recovery when gaps occur. When a customer is dissatisfied and US Airways employees can correct that service failure, the customer is more likely to become or continue to be a loyal or preferred customer than if no service dissatisfaction occurred in the first place!



We needed a way to bring this concept to life so everyone understood, consistently and clearly, the importance of being reliable to customers and the steps involved in the service recovery model. The solution needed to link to our goal of being reliable by continuing as one of the best carriers in operating performance *and* being the best of the network carriers in service recovery.

Our solution was a Root *Learning Map*<sup>®</sup> module that focused on service recovery. In the sessions, employees reviewed our goal of being reliable through operations and service recovery. They celebrated past operational successes and explored service-related customer

The *Learning Map*<sup>®</sup> module was rolled out at 41 airports and five reservation centers across the international carrier's system in June 2010. Employees traveled to the nearest station, enabling them to meet other US Airways' employees. The sessions consisted of facilitator-led small group discussions centered on service recovery and detailed work focused on practicing and applying what had been covered and learning tactics of specific service recovery tools.

As a result of the sessions, US Airways experienced some great results. We saw utilization rates of service recovery tools nearly double after the training, and other service-related metrics increased nearly 15%.

Nov. On-Time Arrivals (Percent of flights arriving within 14 minutes of published time)		Nov. Customer Complaints (Complaints per 100,000 enplanements to the DOT)		Nov. Baggage Mishandlings (Reports per 1,000 passengers)	
1) United	91.4	1) US Airways	0.97	1) US Airways	1.88
2) US Airways	86.0	2) Continental	1.10	2) Continental	2.27
3) American	85.3	3) American	1.11	3) United	2.41
4) Continental	83.6	4) United	1.22	4) Delta	2.70
5) Delta	80.8	5) Delta	1.38	5) American	2.91

expectations, with service recovery expectations ranked among the top. They saw that if customers don't get the level of service they require, they tell millions of other customers, potentially tarnishing the brand. Worse yet, we could lose highly valued frequent flyers, which means losing a lot of future business.

In small groups, employees discussed how, for many customer expectations, they themselves had control of the situation, such as keeping customers informed of delays or responding well when things go wrong. Participants reviewed their roles in basic service standards and explored the step-by-step process for service recovery by using the LEAD model – Listen, Empathize, Apologize, and Deliver.

Customers noticed too – airport complaints were down, and we finished with the fewest U.S. Department of Transportation complaints among the nation's major hub and spoke airlines three times during the year.

US Airways also ranked first for the year in baggage handling and second in on-time performance. This is a true testament to our focus on running a reliable operation and recovering well when things don't go as planned. These accomplishments mean a better travel experience for customers and bonuses for US Airways employees. We paid out over \$22 million system-wide in 2010 for performance incentives! 🌱



By Ari Weinzweig, Co-Founding Partner and CEO  
Zingerman's Community of Businesses

Outside Expert

A Business Leader's

# Recipe for Great Service



Zingerman's is an Ann Arbor institution—the source of great food and great experiences for over 500,000 visitors every year. Each day, the Deli serves up thousands of made-to-order sandwiches and offers an array of farmhouse cheeses, smoked fish, salamis, olive oils, whole bean coffees, and much more. In 1982, partners Ari Weinzweig and Paul Saginaw started Zingerman's Delicatessen with two employees in a 1,300-square-foot space. Today, the Zingerman's Community of Businesses includes 8 different businesses, all located in the Ann Arbor area, with total annual sales of about \$38,000,000 and a staff of about 500. But customers don't come back just for the great food. It's the service they're hungry for. We asked Ari Weinzweig for his philosophy on how to create this craving.

## Why should businesses give great service?

AW: If you want to stay in business, it's just what you do. I've always worked with the belief that customers have no reason to come back unless we give them one. After all, we aren't selling anything people need, or anything they can't get somewhere else. My hope is that we give great service and we offer great food, and we make that a great experience.



We don't think of customer service as a competitive advantage. You create a better workplace when you're service-oriented.

Our mission statement is to deliver a great experience. Our mission is our inner compass, our North Star. And we don't post the mission for the public to see. If the public has to see it to know what your mission is, it doesn't say a lot for your integrity. Every day, our work is to support our staff to live it.

## And how do you do that?

AW: We've identified five areas that are critical in building and maintaining a strong culture of customer service.

- 1. We teach it** – Providing great service can be taught and learned. It takes practice to improve, and some catch on more quickly than others. The training needs to connect the interests of the employee to the organization so both can benefit from service improvement.
- 2. We define it** – Start by defining the behavior you want to see. What does great service look like to you? It's different for each business, and it's up to you to define. Are guests greeted as soon as they walk in the door? Do you greet them by name? How should staff handle complaints? These are tools that your staff can use to measure themselves against.
- 3. We live it** – A service culture can't thrive unless the leaders model exceptional service, not just to customers but to staff and to each other. We've found that the service our staff gives to our customers will never be better than the service that leaders give to our staff. If we want to raise the organization's service level, we start by figuring out how we can raise the level of service we personally deliver.
- 4. We measure it** – You need to know where you are and whether you're on track toward where you want to



be. We've started using an organization-wide service measure based on the NPS (Net Promoter Score) introduced in Fred Reichheld's book, *The Ultimate Question*.

- 5. **We reward it** – Does your organization recognize the best service providers by giving them more work because they “do it better”? Rewards that recognize individual performance are important, but so are group rewards that inspire teams to work together. Being a great service provider becomes a prerequisite for advancement in the organization.

Doing any one of the five alone is better than doing nothing, but the incremental value of doing all five expands geometrically, with each one building on the others.

**What do you look for when you're hiring service-oriented employees?**

AW: We use the “smile rule.” If people don't smile when we greet them for an interview, we don't hire them. Sure, they may be nervous, but won't they be nervous with customers too? We really stick with this rule 98% of the time—it works.



We also like to ask open-ended questions. Most of the time, when you're on the floor or on the phone, you need to ad lib within the situation. We also like to ask paradoxical questions, how they would handle things in those less than black-and-white situations. I especially look for things they've actually done, not what they might do in a theoretical future. We also do role-plays so we can see what they do instinctively. And we interview people in the setting in which they'll work. We've interviewed candidates for a delivery position while they were driving a truck. What would be the point of interviewing them in an office? If someone is applying for a night job, we interview them during that time—getting a morning person to be happy at 10 at night doesn't work.

**As a leader, who is your customer?**

AW: We treat everyone in the organization like a customer. We state it explicitly: We treat employees like customers and kick it up a notch through servant leadership. As the CEO, my primary customers are our managing partners; their primary customers are the managers in their business; the managers' customers are the frontline crew. This frees up energy for the customer on phone, at the counter, or on the web. Our frontline people feel that support, and they know they have what they need to be successful. It seems natural, but it's not the way most organizations operate.



In most places, people who teach the personnel part aren't asked to live it. It's like a coach who gives a pep talk to his team before a game. That's great, but it's the players who have to go out and score the points. Most leaders expect the frontline to live the mission. But if the top leaders aren't doing it, chances are the customer-facing people aren't either. They won't give better service to our guests than we give to them.

*The service our staff gives to our customers will never be better than the service leaders give to our staff.*

We do a lot of work with servant leadership. If you want a great organization, leaders need to serve their people. This doesn't mean you can't make money by not giving great service to the people on the front lines. But if you don't make it easy for your employees to focus on customers, they'll be doing a sub-optimal job. In a happier workplace, service spills over into the culture in the way we treat each other. 🌱

*In 2007, Ari Weinzweig and Paul Saginaw received the Lifetime Achievement Award from Bon Appetit magazine for their work in the food industry. Ari's latest book is Zingerman's Guide to Good Leading which is excerpted in the current issue of Inc.*

Try this with your team!

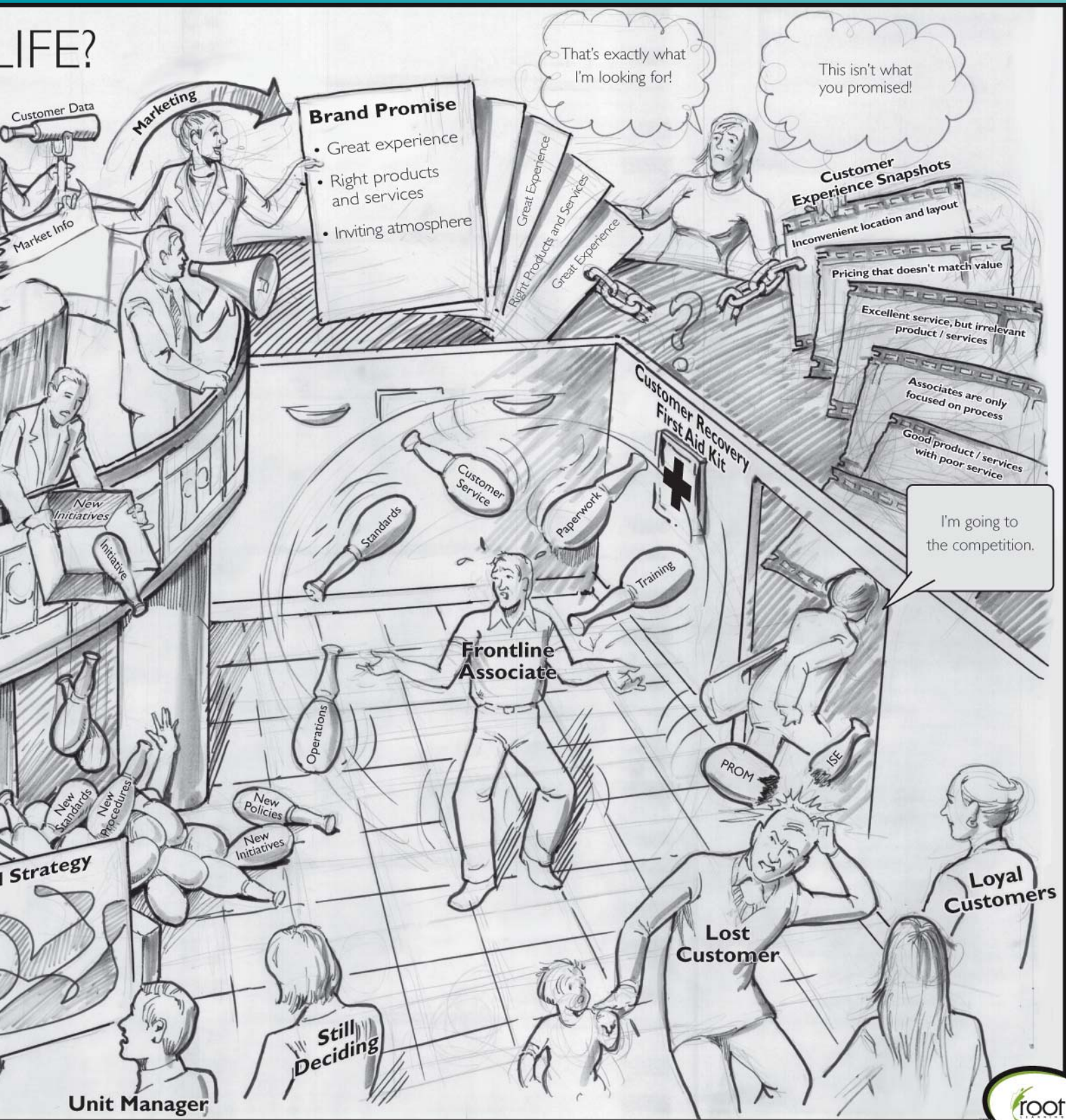
**This company's customers are feeling what we all feel when expectations don't match the brand promise.**

**Is this happening in your organization? Gather your team around this visual, describe the scene, and discuss these questions!**

1. Read the *Brand Promise* of this company at the top center. What is the brand promise we make to our customers?
2. How often does our customer's experience match our brand promise? Does this vary based on location?
3. What happens to cause us to fail to match their expectations? Why?
4. Notice the *Customer Recovery First Aid Kit* untouched on the wall. How well do we recover with customers after a breakdown in expectations?
5. Three customer groups are shown here: Loyal, Still Deciding, and Lost – going to the competitor. What percentage of our customers fall into the Loyal group? Why do they remain loyal?
6. Look at the juggler at the center of the visual. What are our frontline associates juggling? What pins are our leaders adding to the mix?
7. What is happening as the *Brand Strategy* moves from the Multi-Unit Manager to the Unit Manager to the customer? What is "lost in translation"?
8. What can we do to ensure that our brand promise is delivered to every customer in every location every time?



LIFE?



## Industry Perspective

# Earning and Keeping Loyalty

= Customers for Life



We customers are a finicky bunch. It only takes one bad experience to destroy our loyalty to a brand. Think about your own buying habits. How have they changed over time? Is there a brand that you once loved that you are no longer enamored with? Stores, hotels, restaurants, and retail banks all face a similar challenge: to earn and keep the loyalty of customers like us. And in most cases, they are falling short – for one key reason: They don't deliver a great experience to every customer, in every location, every single time.

### Lifetime Loyalty

Why is customer loyalty so important? Consider the dollars spent in a retail clothing store by one customer over a lifetime. As a college student, Marie buys clothes for herself in her favorite store. After she's married, she buys for her husband and their kids in their new hometown. Later, she buys for grandchildren while continuing to buy for herself and her husband. When Marie retires to yet another town, she finds the nearest store of that brand and continues shopping – because the experience meets her expectations just as it did in all the other places along the way. Marie is a customer for life. By earning her loyalty, this store chain captured thousands of dollars over the years, as opposed to selling just one item of clothing to a young shopper. Now, consider all the Maries across one brand, and the financial impact of customer loyalty becomes clear.

But earning loyalty is just the first step. Businesses have to keep a customer's loyalty by being focused on delivering on the brand promise every time, everywhere. As consumers, we want to feel connected to a brand, like part of the family. When we feel that connection – whether with Walmart or Nordstrom, Taco Bell or Ruth's Chris – and if we get the experience we expect, as promised by the brand, we're loyal.

### Recovering Lost Loyalty

Maybe even more important than earning loyalty is a brand's ability to recover to a customer's satisfaction after a service breakdown. We've all heard that an unhappy customer tells 10 people about a bad experience. But today, with social media, that unhappy customer tells hundreds of thousands *in an instant* as the most compelling stories go viral. Have you seen the YouTube music video, "United Breaks Guitars"? If so, you're among the 10 million people who have watched this since 2009. That's a lot of sharing!

We're a nation on the move; we often visit more than one location of our favorite brands. One bad experience in Toledo can make us avoid the same store in Topeka. And because we have more options, it's easy to make a switch if "my brand" doesn't deliver. So now more than ever, companies must relentlessly work to win and maintain customer loyalty. Their financial well-being depends on it.



### What Goes Wrong?

We've seen two situations that most often cause customer loyalty to erode: when a culture doesn't match the brand promise, and when all areas of the business aren't working together as a system.

- **The culture:** In any kind of business, the culture that exists throughout the company mirrors the customer experience – the relationship between the frontline employee and the customer will be the same as the relationship that the employee has with the manager. Therefore, the culture that you create with

*Businesses have to keep a customer's loyalty by being focused on delivering on the brand promise every time, everywhere.*

your people is the culture your customers will experience.

- **The system of the business:** The customer experience can break down when challenges occur at any level of the organization. Frontline employees may be failing with customers. Multi-unit managers may not be leading their people effectively. Corporate employees may not deliver solutions to support the customer experience. Operations, Marketing, Merchandising, Finance, and HR leaders may not be aligned on the customer experience or brand strategy.

### Three Basic Steps

So how can you drive customer loyalty in your organization? We need to give customers a consistently great experience with the brand and create *customers for life*. Focusing on creating customers for life rather than increasing sales transactions will result in sustained financial performance and future growth.

#### 3 critical steps for creating customers for life:

1. Be clear on your brand promise, and communicate it to first to your employees at all levels of the organization, then to customers.
2. Diagnose the customer service problem in your organization, considering both the culture and the entire system of the company.
3. Then, plan interventions. Is the problem with your culture or your system?

Your customers are the lifeline of your business, and a customer for life is the ultimate testament to the success of your organization. Are you creating customers for life... or customers for now? 🌱

## FREE BOOK!

So these are the opportunities we are seeing with our clients in a variety of industries. Now, we want to hear from you. What customer loyalty challenges are happening in your business? How are you handling them?

We're asking for your best practices – all of us can benefit from sharing ways to keep our customers coming back. Please send your comments to [CustomersForLife@rootlearning.com](mailto:CustomersForLife@rootlearning.com).

The first 25 who respond will get a copy of either Ari Weinzweig's book, *Guide to Giving Great Service* or Jeanne Bliss's book, *I Love You More than My Dog*.





By **Marianne Scaffidi**  
Director of Learning and Development – CGB at Swarovski North America

## Case Study

# Creating Compelling Client Experiences



The name “Swarovski” is synonymous with luxury. For many years, we were known as a manufacturer of fine crystal pieces perfect for collectors and gift-giving. We then expanded into the world of fashion with collections in both jewelry and accessories. Recently, our senior leadership team decided to aggressively expand the fashion segment while continuing to nurture our core crystal collectible business. Our goal was to “elevate” or transform in-store retail operations into a premium luxury experience both for our consumers and sales consultants. We were convinced this was the ideal path to follow that would result in improved consumer loyalty along with double-digit comparable store sales increases.

interacted among ourselves. Our objective was simple: to grow our business by creating a unique and compelling client experience.

### Getting Crystal Clear

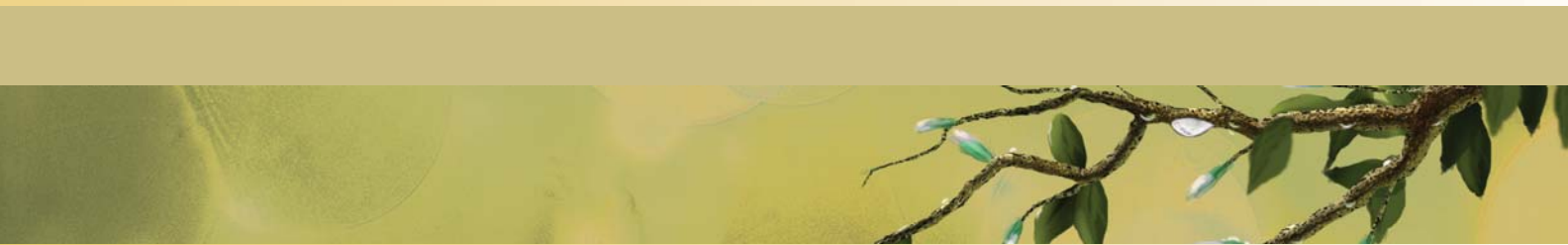
Before starting on this journey, we needed clarity on the strategy. This included developing standards for consultants on the selling experience (“Five Moments of Truth”) along with coaching standards for store managers and field leadership teams. Swarovski partnered with Root Learning to create several *Learning Map*® modules on the vision, strategy, client experience, and coaching model, designed to inspire while bringing this transformation to life.

We also invested in technology with development of eLearning designed to read as a fashion magazine to amplify our brand and further engage our staff. Detailed product knowledge, delivered in an engaging and on-brand manner, is elevating our consultants’ confidence in selling and their pride in the brand. Our *Swarovski Style Magazine* begins with our rich 115-year history, which plays a vital role in linking our consultants to our company’s heritage and consumer’s in-store experience. Swarovski represents innovation, style, and success. The “magic of crystal” and “poetry of precision” are embedded with every one of our 21,000 employees worldwide.



We recognized that in undertaking this transformation, nearly every aspect of our business would need to change, from the product and selling language used in stores to back office operations, to how we





Another important point was educating employees – now referred to as “consultants” – on “wrapping” the selling process into an all-encompassing activity that made consumers – now “clients” – feel that they are being treated to a luxurious experience. Consultants accomplish this through creative storytelling, romancing the product through their choice of brand language, and the use of engaging body language.

### **Creating the Focus**

The vision, strategy, and skill training was first introduced to all managers at Swarovski’s annual meetings. Subsequent annual meetings have kept the vision and strategy in the forefront through workshops that consistently reinforce our strategy, tactics, and progress.

This transformation has taken place not only between our consultants and clients, but also with our field leaders who coach district managers, store managers, and their sales teams. This was critical, as our sales teams ultimately create the brand experience in stores. Field leadership set high expectations, inspire teams about what’s possible, and hold them accountable for results and the overall representation of the brand.

In the past, district managers focused on operations during store visits, “checking off” things like visual merchandising, inventory position, expense spends, and a seemingly endless list of other tasks. This checklist mentality has been replaced by a true engagement experience where our leaders model the behavior that consultants should emulate with a focus on the total client experience. With this approach, managers and consultants are treated to the same Swarovski culture of luxury internally as we expect them to deliver with their clients.

All education and skill development is focused on behaviors that will enhance every experience. Basics retail KPIs such as conversion rate, units per transaction, and average dollar sale aren’t forgotten, but rather are woven

into conversations with storytelling and “romancing the product” to create a compelling brand experience that drives business results. The focus is always on creating customers for life who will return based on the experience they had, not simply on the product they purchased.

### **Making Loyalty Easy**

The way we see it, our clients are not entering a store – they’re entering the world of Swarovski. It’s not about selling a product – it’s about being a dream maker, inspiring potential, and creating experiences that will be remembered for years to come. It’s not a necklace – it’s a luxurious pendant that represents the end of the cold winter and the promise of spring. It’s not a crystal collectible – it’s a Surgeonfish, full of the dynamic colors of nature, designed by a world-renowned artist.

As a result of this new focus, we’ve seen a higher level of confidence in our consultants as they transfer the new skills into behaviors with clients. Also, eLearning greatly increased our consultants’ comfort with technology, as many Swarovski consultants had not been as computer-savvy as their retail counterparts in other companies.

*It’s not about selling a product. It’s about creating memorable experiences.*

We are transforming our brand – from our frontline consultants to our senior-level management teams – into a client engagement-focused organization that concentrates on inspirational experiences and storytelling to communicate our brand message every day. By indulging both our staff and clients in an experiential environment of luxury with shared messages and common meanings, we are creating loyal customers and retaining employees who are the true brand ambassadors of Swarovski. 🌿



By **Jim Haudan**, Chief Executive Officer  
Root Learning

## Trends in Customer Service

Gain Loyalty by

# Sharpening Customer Service



If you've been focusing on operational excellence or innovative product development, maybe it's time to take a look at your company's ideas about exceeding customers' expectations. Last summer, a survey called the American Express Global Customer Service Barometer polled a random sample of consumers 18 and older from the U.S. and 11 other countries. We've looked at the results and found several trends that relate directly to the importance of earning and keeping loyalty.

### **Service matters a lot to consumers. However, they don't believe companies are committed to giving great service.**

- Almost all those surveyed – 91% – say they consider customer service when they're deciding to do business with a company, and most say that quality customer service is important in today's economic environment. These people said they will spend 9% more when they believe a company provides excellent service.
- But only about one-third think that businesses are more focused on giving quality service, and 28% believe that companies are actually *paying less attention* to good service than they once did.

### **Customers listen to others when deciding who to do business with.**

- Nearly all consumers (98%) rely on personal experience and a company's reputation or brand. But 88% (almost as many) get their recommendations from family or friends.

- Nearly half of people surveyed said that they always or often use an online posting or blog to find out a company's reputation for product or service before they buy.

### **Customers are reasonable, and they'll tolerate poor service – to a point.**

- Over 75% of consumers say that they're likely to speak positively about a company after a good service experience, and even more said they would give that company repeat business.
- Interestingly, 86% said they'd give a company a second chance after a bad experience *if they've previously had good service*. Half of the people polled said it takes at least two poor service experiences before they stop doing business with a company.

The cost of attracting new customers continues to be many times greater than keeping existing ones. At a time when customer service can be a stealth weapon that fuels growth, it's worth asking a few questions:

- What are you doing to take your service to a higher level?
- How do you monitor customer perceptions of your service?
- How do you uncover the unmet service needs of your customers?
- Do you have a process for gaining back customers you may have lost due to "bad experiences"?
- What do you believe you might be leaving on the table if you fail to provide better service? 🌱



Continued from page 1

The traditional approach of delivering only select information was putting the customer *out* of power and the medical professional *in* power. To balance this lopsided relationship, Griffin made medical records available to patients and their families. Trusting patients with their own records grew patients' belief in Griffin Hospital and contributed to its growth.

- 2. They decide with CLARITY of purpose.** In decision making, they align to a clear purpose, a clear promise to improve their customers' lives.

Most guarantees put the monkey on the customer's back to manage a countdown clock on product happiness. That's because most guarantees have a limit on the amount of time customers have to return a product after its purchase, forcing a transaction-based relationship with customers. Beloved company Zane's, who sells \$13 million in bicycles and supplies from a single store, decided to instead guarantee the happiness of the customer relationship by throwing out the clock. The Zane's guarantee says, "We are going to live up to our promises, no matter what the timing, no matter what the product or service."

- 3. They decide to BE REAL,** by dropping the corporate veneer and connecting in a personal way. They encourage their people to bring the best version of themselves to work.

Beloved company Trader Joe's wants to be your neighborhood store – a place where people feel welcomed and want to have a personal relationship. That's why they resisted the decision to install scanners as part of its checkout process for years. Why? Usually a "pinging" noise sounds as each item is scanned, and they didn't want that noise to interrupt the conversations at check-out. They didn't want technology to limit personal connections. Only when their growing inventory pushed them

to concede, they didn't scan until they were absolutely sure that the "ping" from the scanner wouldn't interrupt the flow of conversation between cashier and customer.

- 4. They decide to BETHERE,** beginning with their customers' point of view when they develop and deliver products and services.

Beloved retailer Zara wants to get a product from idea to market in less than three weeks. This efficient process for bringing in new product is compelling for customers who constantly visit Zara stores. "Fast Fashion" is Zara's pull: it means having an agility for listening and responding to customer requests in the marketplace. An item requested by enough customers can be in its stores to accommodate that request within ten days.

- 5. They decide to SAY SORRY.** When things go wrong, they are humble, contrite, and they right the wrong.

Beloved company Netflix, the DVD-by-mail service with 10 million subscribers, experienced a severe technology glitch a few years ago that delayed shipping. Netflix confessed immediately and honestly on their website. They followed up with emails to make sure all customers heard the news – even those who hadn't noticed the delay. Not only did they 'fess up, they extended an olive branch by applying a credit on customers' next billing. New members got their free trials extended.

You can earn your customers' business and become a Beloved company by deciding how you will run yours. The decision is yours. 🌱

*Jeanne Bliss helps corporations connect their efforts to yield improved customer growth. She is the author of I Love You More Than My Dog. To download the first chapter of that book free, visit [www.customerbliss.com/pdf/ChapterOne.pdf](http://www.customerbliss.com/pdf/ChapterOne.pdf).*

**ASTD Annual Conference and Expo**, May 22 – 25, Orlando, [www.astd.org](http://www.astd.org)

**Partnering for Performance**, May 3 – 5, Raleigh, NC, [www.trainingindustry.com](http://www.trainingindustry.com)

**The HR Forum**, June 5 – 7, Stone Mountain, GA, [www.hrforum.com](http://www.hrforum.com)

**IABC World Conference**, June 12 – 15, San Diego, [www.iabc.com](http://www.iabc.com)

**SHRM Annual Conference and Expo**, June 26 – 29, Las Vegas, [www.shrm.org](http://www.shrm.org)



**Follow us on:**

 <http://www.facebook.com/rootlearning>

 <http://twitter.com/rootlearning>

Check out Root's blog at [www.rootlearning.com/blog](http://www.rootlearning.com/blog).

The next issue of this newsletter  
will be published in **May/June 2011**.

5470 Main Street  
Sylvania, OH 43560



straight talk on strategic issues®

# the WATERCOOLER