

# The Customer Revolution

## The New Economy

Merely satisfying customers in the future won't be enough to earn their loyalty. The experience customers must receive when patronizing our business must be exceptional and thus worthy of their repeat business and word of mouth referral. The task of delivering this type of service isn't easy..., however it is a prerequisite for long term business success.

**The Customer Revolution is here.** This economy is in a revolutionary status as a shift of power is going on. From the supply side of the business process where the customer was told what they could have, when they could have it, where they could have it, how they could have it, the quality they would get and how much they would pay for it, the power has shifted to the customer. Today the customer wants, no demands..., what they want, when they want it, where they want it, how they want it, the quality they want and what they are willing to pay for it. And if told that can't be done they simply say they will find what they want somewhere else. This power shift requires a whole different way of doing business.

This Customer Revolution is being driven by three major principles: (1) The increase of the global economy with more foreign money and interests affecting the competition of industries. (2) The huge advances in technology, especially the micro-chip, over the last few years that has put customer information in the hands of customer contact people. And (3), the emergence of an "over-capacity" market place where the customer has more choices of similar products at similar prices at similar quality levels than ever before. With more choices for the customer more control is put in the customers' hands. With the customer in control competition will never be the same again.

## Customer-Driven

Believing in a customer-driven approach is one thing, delivering it is quite another. To judge from what we see around us, many people and way too many organizations have changed what they say --- but not what they do. When you look around, you don't see a dramatic change in the level of service that is offered! We still don't see dramatic changes in the way people are managed! And certainly the potential of the human spirit in the workplace remains relatively untapped.

Yet a dramatic change is exactly what one would expect, given that everybody is now preaching customer service or customer focus of some kind. Too often, excellence in service is hailed as the exception, rather than the norm. Over the last three years service performance as well as the customers evaluation of service has been declining in virtually every industry in the U.S. This is in

spite of the increase in the past ten years of service training, books on service, journal articles preaching the value of improved service and improved technology that has the capability of enhancing service beyond what was thought possible a few years ago.

Why? A big reason seems to be that people in business don't know very much about how to run a business or manage people based on a service principle. Their expertise in operational efficiency and short term result tactics overshadows attempts in service improvement. In short, they really don't know how to do it. What will result? A principle that everyone admits is a winner, a principle that gets lip-service, but a principle that is not acted upon.

## **We Want Them To Come Back!**

What is the point of superior service performance? Not what we get rewarded for in the present from the customer. Very little profit, if any will result from how hard we work for the customer today. Unlike a sales promotion where we can count on an increased volume of customers and therefore dollars today from our announced promotion, the service we deliver today does not affect today's business. An introduction of a new product or technical service will most likely will show up in today's financial's. But the way we treat customers in the process of doing business with them will not even dent today's business results.

*It's the profit tomorrow that is the reward for superior service.* This is important because we can't see the short term reward for the service we deliver in the present sense and we can't really measure in any specific cause and effect way that the profits in the future result from today's performance. Accounting practices are insufficient to measure the value of service performance. In many ways service work is an act of faith. Yet there is no line item on the P & L for faith!

Being really customer-driven hinges on one critical business factor...

*Every single thing we do is centered on bringing the customer back!*

When we make cost cutting decisions are we looking at the effect on the customer's experience today that will influence their future buying decisions or are we using this quarters numbers to drive the decision? When we consider staffing is it done to meet mathematical criteria alone or do we consider the customer's experience as the primary factor? How long will we wait to fix the sign out front? Until we have the budget or immediately? (Haven't we realized for a long time the irrational logic leaps customers make about the quality of a business when they observe a dirty exterior or letters in signs that are out?)

When management visits operations, departments, stores, divisions and such what is the first item on our agenda? How the customer is affected? Not usually! Who do we spend time talking to? What do we talk about? What message about priorities do we leave behind?

How much time is spent talking about customer issues with management and staff of a particular location? Is it the first thing we talk about? Do we engage the staff in hearing what they have to say about what they hear from customers? Do we ever ask a work team whether they believe corporate is truly supportive of exceptional service (to ensure we are getting our message across)? If not why not? If customer revenue is the number one critical factor to business success then why isn't it the number one agenda item at our visits and in our meetings?

We must be cost conscious to be good business people. Any business won't survive when costs are out of line. However when costs become the focus at the expense of the customer's experience the long term survival of the business is put at risk. There are two ways to make profit. But one way can be destructive.

When the profit goal is made by exploiting the customer's experience today to make a short term goal this month or this quarter profit will result but the ability to remain profitable in the long term will be hindered. When profit results from the creation of value, profit is made and is also virtuous as it builds the fundamental asset of the business and the customer's loyalty. This concept must remain at our conscious level else we become distracted by the seductiveness of short term business activities. Great managers will understand this principle and act accordingly.

## **Be The Customer!**

It's imperative that you get the same "feel" for the business as the customer receives. This is difficult to do because most often the personnel of a company know who the players are. What is seen is normally something short of reality. But you must try.

Second-hand information or reports from staff just won't give you the whole picture. "Feel" is not something you can get second-hand. The customer perspective is something you have to experience for yourself. Standing in line, hungry, with kids, with time pressures is much different than measuring the length of time others stand in line. If we don't have an accurate picture of how the customer defines value we miss the point entirely.

If you sense you will be recognized, have a spouse or good friend do it for you. Real customers with real customer perspectives are what you're after. You don't do this to "mystery shop" to conduct surprise performance evaluations and catch people doing something wrong. Again, it's to gain a "feel" for the experience and thus become more sensitive to what it takes to operate in a truly customer driven fashion. And don't go soft on the word "feel." That is precisely what the customer uses when they make decisions about future buying decisions and who to refer friends and family to. "Feel" is a concrete, financially oriented business term in the Customer Revolution!

Remember, the only meaningful measure of satisfaction in any industry is repurchase loyalty and emotional testimonials. And it is the only truly meaningful measure of business performance over the long haul. If customer service is really more than lip-service and if the business concern is for the long haul then a fanatical customer-driven business approach is the solution. And to do it is not easy. If it were everyone would be doing it. But the rewards for the effort are worth it.

## **Challenges**

There are many challenges in keeping pace with the customer of the 90's. But of them all the biggest one seems to be the ability to examine and test the very assumptions that present business practices are based on. It is much more tempting to try and improve existing practices. It certainly is easier. Our cultural affair with "quick fixes" has led us down a road where we rely on symptom problem solving and techniques to make changes in our business.

Techniques like slogans, banners, motivational speeches, and behavior modification reward practices die on the vine. They result in "flavor of the month" approaches that leave employees feeling manipulated and cynical about future efforts. Reacting to symptoms to solve problems normally creates bigger problems and rarely addresses the necessary issues that relate to real change.

Efforts must be made to truly understand the assumptions and beliefs behind what we do today if we are to adapt to the requirements of the future. If we don't understand the "why's" behind our past decisions we are prone to attempt to improve practices that were not originally designed to create high levels of customer loyalty.

The very root of many of our difficulties in adapting to a changing marketplace lies not in the symptoms (performance problems) that are visible, but in how we think about running our business. For the most part it's not a matter of motivating people as it is assessing the thinking behind the people policies we have created in the past.

## **No Theory, No Learning!**

To quote an unheralded Deming phrase..... "No Theory, No Learning." Explained it warns us that unless we fully understand the theory, set of assumptions or thinking that we held true when we created practices and procedures that we use presently, we will be forever condemned to create different versions of what we have always done in the future. The result...no real change, just different manifestations of what we always used to do.

Unless our beliefs, theories, assumptions and thinking is critiqued and challenged for validity, what we build in the future will rest on a foundation that is the same as it always was!

Consider the following:

“How we believe, so shall we act.” (from Proverbs)

“How we think determines what we measure.” (Einstein)

We have understood for years that the gateway to change is through our belief system and accepted theories. Yet, in many instances we have conditioned ourselves not to learn as our quest for quick fix answers has short-circuited the very element that is critical to effective problem solving and effective change...the examination of the thinking and beliefs that we built today's practices on.

As Thomas Paine so aptly stated ... “A long habit of not thinking a thing wrong gives it the superficial appearance of being right.”

If we hold true the theory that the earth is flat then we make decisions and create practices within that framework of thinking and are blinded to the possibilities that are present under a different theory. Worse, all improvements to those practices will be nothing more than upgraded versions of what always was and not breakthroughs.

Almost every significant breakthrough is the result of a courageous break with traditional ways of thinking ( a change of theory!). If managers “believe” their views are facts rather than a set of assumptions (or personal theories) that they have merely accepted as truth, they will not be open to challenging those views and will never create the type of change that will dramatically effect the business. Any future practices or procedures that are altered without a change in thinking or theory will be disguised versions of those same practices or procedures. Is it any wonder that we keep re-creating the wheel and running into the similar problems?

We are conditioned to steer away from this type of change and become more “action” oriented or pragmatic in our approach. However, this allure to action short circuits the learning process and inhibits effective change in business. We've all heard over and over again.... “I don't have time for theory, I need practical application and action.” Perhaps we have created the very approach that is our biggest obstacle to effective problem solving and change in business.

## **Rethinking our Thinking**

*When we transcend a paradox there is often a quality of obviousness that produces a shock of recognition. No longer held captive by the old way of thinking, we are liberated to see things we have known all along, but couldn't assemble into a useful model for action.*

-R.T. Pascale, Managing on the Edge

Our thinking, our belief system, our mindset determines our priorities, our procedures, our processes, what we expect from people, and the way we deal with them. A distillation of our past thoughts, observations, and experience, our mindset serves as the foundation for the systems we build and perpetuate.

This may sound somewhat theoretical, but it's theory that works. If you hope to sustain your success in the future or change your current practices, you must examine the thinking that underlies what you do and how your organization behaves. Before we can create the type of company we desire-the fast, flexible one populated by loyal employees and driven by loyal customers-we must ensure that our mindset will support it. We simply can't, in any event, think one thing and do another, and expect to do either very well.

Organizational change means changing our internal landscapes as leaders. We change the world by changing the way we perceive the world, the way we think about cause and effect, by altering our beliefs of true and false, right and wrong. It is not the organization that needs changing! It is the leadership. And such change is undertaken only when people reach a plane in their where they are willing to risk the validity of their internal landscapes.

To test our theories/assumptions we need only to look at the inherent, hidden beliefs behind what we do today. We must ask whether we welcome those beliefs being made public.

Some things to ponder:

- Isn't trust behind many of our present personnel practices? Aren't many policies the scar-tissue of mistakes whereby we attempt to protect ourselves from the minority of employees who would abuse our trust? How often have we stifled the human spirit for many as the result of a transgression of one?
- If lack of trust or fear is behind personnel practices then why don't we simply tell people "WE DON'T TRUST YOU.....that's why we do it this way." Perhaps we know we can't get the commitment we need if we do. But we can't have it both ways. Our actions speak the real truth!
- What are the inherent beliefs or assumptions behind you personnel practices? Are they capable of inspiring a committed workforce? (One can easily apply this same reasoning to many customer practices and policies. We can only wonder how we could expect customer loyalty from people we behave inappropriately towards?)
- Why do we believe goals must be attainable to be motivating? Have we really thought this through? We continue to be frustrated by the mediocrity that results from the dumbing down of goals and objectives and the mindless negotiating

inherent in the goal setting process. We continue to be troubled by the slow rate of change in our organizations. Yet we cling steadfastly to the very practice that create our frustrations and troubles.

- What if unattainable goals were not de-motivating? What if some other part of the managing process was responsible? Would we seek excellence in lieu of targets? Would we relish the opportunity to achieve as much as possible instead of “sand-bag” for tomorrow? Maybe some rethinking is in order here?
- What is our belief about how to motivate people? Who’s job is it to motivate? Where do our beliefs stem from? Have we even considered the very nature of most motivational methods in the workplace?
- What if we were to learn that many of our methods had their beginnings in the theories of operant conditioning and behavior modification which are fine tools when working with animals! If we believe that behavior is the change agent then we act accordingly. If, on the other hand, we believe attitude/values drive change then would our actions be different?
- What about leadership? What is your definition? Is it about influencing others? If so what leadership practices will result?
- What if leadership is not about influencing others? Would that lead to different leadership practices and capabilities within an organization? The notion is certainly worth the discussion.
- What is the theory behind what we do? Is it really what we want or intend? Or has it gone untested for so long that we no longer question it?

It’s time to rethink our very notions about motivation and people, if only to verify our present methods! To truly change we must align our thinking with what we aspire to achieve. Our assumptions and beliefs must be accurate and relevant with regard to today’s employees and customers. They must be aligned with the words we espouse and the actions we take. If not the price will be great indeed!