



Learn to 'love the ones you're with'

Keep your current customers happy, and growth will take care of itself.

By Tim Smith
Principal

Time for a little quiz. I promise it won't be too difficult – just one question.

Ready? Here goes.

Do you spend more time thinking about:

1. Getting new customers; or
2. Taking care of current customers?

See where we're going with this? (Sorry, that's another question!) In our July newsletter, I wrote about how to "grow smart." In this newsletter, we'll focus on how to keep those customers satisfied – and keep you from constantly having to chase new ones.

The quiz? Well, many businesspeople make the mistake of expending more energy trying to get new customers than they do on keeping the ones already in the fold.

So if you answered No. 2, congratulations. But please keep reading ... I promise you'll learn something.

It's about the total experience

Can we agree that losing existing customers is costly? Regardless of your business, it costs time and money to bring in new customers, and in many business-to-business industries there are expensive start-up costs associated with ramping up for a new client.

Not to mention the fact that an unhappy customer is likely to tell his/her story to others ... spreading bad word-of-mouth that makes your marketing more difficult.

Now, I know what you're thinking: "But Tim, we have a great product at a good price. Isn't that enough?"

Unfortunately, it's not. Study after study has shown that the customer's **overall experience** is far more important than quality or price. In fact, the primary reasons customers leave a business include lack of information, lack of accessibility, poor treatment and company indifference – all issues that relate directly to relationships and experience versus quality.



Photo by Julie Bennett Wong

For example, a survey of clients who had recently changed CPA firms showed that 64 percent of respondents left because they "believed the CPA didn't care about them." Another 14 percent didn't like the service they received.

Bottom line: 82 percent of those who had switched CPAs did so for reasons other than work quality or price. That's a startling figure ... imagine how much more profitable

those firms would be if they simply retained more clients by improving their relationships!

It's the experience of interacting with your company – through the processes you employ – that make all the difference.

Open the door to an easier way

I recently purchased double doors for my home ... replacing a set that had seen better days. Because I wanted them to match the other doors in my home, I contacted the manufacturer of the original set to order replacements.

The entire experience was frustrating – not because of quality or price, but because of the company's maddening processes.

It took several days of calling and waiting before I could reach a salesperson who would help me. Then, it took more calls just to place the final order.

Delivery was even worse, with the doors arriving a week later than promised and in less than stellar condition. I accepted delivery with the promise that someone would come and make repairs, but that required more phone calls and more hassles.

All in all, the experience was a nightmare. I'm sure you've had similar situations.

Now, compare the door company with my long-time dentist, Dr. Robinson. He remembers that I have very sensitive teeth, and monitors my comfort closely. He also carefully explains any required procedures and patiently answers any questions I may have. And he always calls after the fact to check on me. Dr. Robinson shows that he cares, and that's important to me. I don't ever want another dentist!

There's a bit of irony here. What's more painful to me as a customer – having dental work done, or ordering a set of beautiful new doors for my home?

Think like a customer

So it's clear that the processes involved in doing business are the primary drivers of customer satisfaction. It's the entire experience with your company – how your customer experiences your products, service, people, systems, etc. – that determines satisfaction.

These interactions include transaction-related basics such as:

- Finding out about your company's products and/or services, how your company can meet their needs, what it will cost, etc.
- Placing their order, applying for credit, engaging you in providing a service, etc.

- Receiving your product or service.
- Paying for your product or service.
- Getting answers to their questions and getting any problems solved after the transaction is complete.

It also includes intangibles such as the attitude and approach of your employees. How do they communicate with customers? Do they show they care, or is each customer "just another number" to them? Most people are willing to pay more when they know they'll receive good service from a business that cares about their satisfaction.

As much as all this seems like common sense, you'd be surprised at how many business leaders fail to "think like a customer." For example, how many managers ever take the time to call in to their company's "customer service line" or try and place a special order?

For example, in my door experience above, I doubt seriously that the company's leadership has any clue about how difficult it is to do business there (even though I wrote a letter!). If they did, they no doubt would take the time to shore up the sales and service processes that create such customer frustration. Or perhaps they do know, and don't care – in which case I can't imagine they will be able to sustain much growth.



Photo by Julie Bennett Wong

The reality is that there are myriad "touch points" where the customer experience can break down, and unless

you're routinely monitoring key touch points along the process, you'll likely never know how and why your customers are leaving.

What would your customers say?

So how would your customers rate their overall experience?

How do your processes impact the customer's experience? Do they frustrate or anger people, or do they make doing business easy, and leave customers feeling like they were treated properly?

A simple way to find out is to talk with people in your company who directly interact with customers.

If you manage a manufacturing company, for example, you might talk with employees in outside sales, inside sales, delivery, installation, accounts receivable and collections, technical support, warranty and repair and customer support. A high-level process map is a handy tool for helping these interdependent parties see the steps that tie them together in creating the customer's total experience.

The next step is to talk with your customers – both current and yes, even former ones. It doesn't have to be elaborate ... sometimes a simple telephone call can make all the difference.

And really, you've got nothing to lose by calling lost customers. Even if they're hostile, you'll be giving them a chance to vent, which helps diffuse their anger, especially if you handle it respectfully. As an added bonus, they're not likely to "pull any punches" so you get the real skinny on what irritates your customers!

Depending on the size of your organization and your budget, other ways to get feedback from customers include:

- One-on-one interviews
- Telephone surveys
- Focus groups
- Direct observation
- Interviews with suppliers
- Analysis of customer complaints – if you track them
- Analysis of warranty and repair events

Mail surveys are another option, but the response rate is often too low to make them worthwhile.

You know what's wrong. What do you do now?

Many managers take feedback from customers and employ the "pound the table and threaten people" approach.

That doesn't work. A better approach is to dig deeper to understand the causes behind the problems. Is it a lack of employee training? Or perhaps you're simply hiring people without the right personality or skill set.

Do you have the right tools, procedures, and systems in place to ensure schedules are met and orders are correct? This is particularly common in up-and-coming companies, where growth outpaces capacity.

Are problems caused by breakdowns in internal communication between people and departments? As I mentioned earlier, a process map makes it easy for people see the bigger picture and understand how the various "pieces of the puzzle" work together.

And bringing in outside experts to facilitate planning sessions can often help employees overcome turf issues and work together to improve customer experience processes.

Once you've identified the gaps in service that negatively impact the customer experience, and developed solutions to repair those issues, it's critical to measure again soon to ensure that things are indeed better.

From there, institute a regular system of checks and customer feedback sessions to ensure that you remain "easy to do business with" over time.

If you'll invest more thought and energy into keeping your current customers, you'll not only be more profitable, but you'll need fewer new customers to maintain your growth. And positive word-of-mouth will help do the rest!

For more information on creating processes that can improve your customers' experience, see these archived newsletters available at the Plaid Group web site:

- Trying to Learn Geography Without a Map? (January 2006)
- Plan Your Work Like You Plan Your Vacation (December 2004).

More Information? If you'd like to learn more about maximizing your customers' experience, please send an E-mail to tim@plaidgroup.com, visit our web site at www.plaidgroup.com, or call us at 713-627-3569. The Plaid Group publishes a free bimonthly e-mail newsletter filled with insights and ideas you can use to enhance your company's operational performance, spur growth and increase bottom-line profits. To subscribe, change your e-mail address or unsubscribe, please visit www.plaidgroup.com/newsletters_subscribe.asp.

Author's Note: Tim Smith is a Principal with The Plaid Group. The Plaid Group helps companies simplify and stabilize their business operations to improve financial performance and gain a competitive edge.