

*This is the sixth article in the performance improvement series. The first three articles describe how to gather top performers' "secret sauce" and how to proliferate it throughout and organization. The next two articles apply this approach to two specific situations, performance improvement in large, geographically dispersed environments and effective implementation of strategic initiatives. This article focuses on how top performers are able to produce higher levels of customer loyalty and how that ability can be leveraged throughout the organization.*

## Developing Devoted Customers

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### Executive Summary

Businesses need devoted customers. Extraordinary service is, of course, the well-accepted means of creating devoted customers. There are always managers in a chain whose stores provide extraordinary service creating environments that customers love and continuously patronize.

This article examines why some managers in chains are consistently successful at developing environments that create devoted customers, how you can learn their "secret sauce" and how you get all your personnel to act like the top performers.

### Main Topics

- Top performing managers consistently develop devoted customers because they follow very specific behavioral patterns that are different from the conventional approaches to creating effective service
- Top performers:
  - Have a comprehensive understanding of the deeper reasons customers come to their stores, restaurants, etc. and align all of their resources and responses with solving a profound customer need, even if the customer doesn't know they have the need
  - Efficiently manage the complexity of providing service, making effective tradeoffs between staffing, marketing, operational systems and other critical factors
  - Are extremely specific about the behaviors required to serve customers
  - Systematically guide their organizations through a clear development process to enable the entire organization to provide the level of service required for devotion
  - Continuously monitor the provision of service, relying very heavily on soft cues of service quality
- Once customers experience the service provided by top performers, they expect it from all branches of a chain. Consistency at a very high level is required for chain-wide success

- The top managers' customer service "secret sauce" can be gathered and used to coach less effective managers to excellence using Digital Coach Technology. This has produced as much as a 300% increase in sales.

\* Copies of all the articles in this series may be obtained from the Cerebyte web site at [www.cerebyte.com](http://www.cerebyte.com).

# Developing Devoted Customers

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## Introduction

Businesses love devoted customers. Businesses need devoted customers. Overall, devoted customers provide a disproportionate amount of a company's sales and profits.

Extraordinary service is, of course, the well-accepted means of creating devoted customers. Marketing brings people in, but service keeps them there. Much has been written about how to provide service that creates devoted customers. Some of these prescriptions are successful. However, the vast majority fails under the weight of excessive complexity or unrealistic simplicity.

Yet there are always managers in a chain whose stores, restaurants, branches, outlets or whatever the local operating unit is called provide extraordinary service, even when there are many barriers to success. Somehow these top managers are able to create environments that customers love and continuously patronize.

This article examines why some managers in chains are consistently successful at developing environments that create devoted customers. More specifically, it will examine the attitudes and behaviors that enable top performing managers to establish better, longer-lasting relationships with their customers. It also briefly discusses how Digital Coach Technology (DCT) can enable an organization to effectively identify their top managers "secret sauce" and guide everyone in the organization to the same level of extraordinary customer service. Using this approach, companies have already achieved measurable success by:

- Increasing overall sales by 300%
- Drastically raising customer loyalty and repeat business

## The Secret Sauce of Customer Service

It is very well established that superior customer service is the best means (perhaps the only means) of creating devoted customers. Numerous books and articles extolling the virtues of customer focus and customer service have been written in recent years. So many books and articles have been written in fact, that we're not going to repeat the conventional wisdoms.

Fortunately, there is a simple, direct, easy to implement alternative for providing great customer service throughout an organization. Your top performing managers already know how to provide the quality of service that develops devoted customers, and you can easily leverage their expertise to create great customer service throughout your organization.

These top managers follow remarkably consistent patterns in improving customer service and developing devoted customers, even when there are significant

organizational barriers to success. Regardless of the type of organization, top managers:

- Respond to a deeper and more comprehensive understanding of the most profound needs of the customer
- Recognize and manage the true complexity of a comprehensive customer service environment
- Specify on-going behaviors and processes that sustain effective customer service
- Provide a specific sequence of actions to develop the general service environment and the specific behaviors
- Monitor the accomplishments and satisfaction of staff and customers more systematically so that customer service becomes an on-going, continuous focus

Together, these patterns consistently produce better service environments and more satisfied customers.

## Understanding the Customers' Profound Needs

***Consistent Pattern #1:*** *Top managers in chains solve their customers' critical social problems.*

Do you really know why customers are in your store(s)? While most organizations have only a superficial understanding of why customers are in their stores, top managers have a profound understanding of their customers. This understanding enables them to emotionally link with their customers in a way that is gratifying to themselves, their staff and the customers themselves.

The top managers understand that their organization is almost always solving a more profound social problem for the customer than either of them realizes. For example, in one pharmacy chain, the top managers think of themselves as being “A critical part of the family emergency response system.” This pharmacy provides much more than prescriptions. It provides an entire social context and support mechanism for a family in distress.

Similarly, top performing operators of one company's hearing aid clinics think of themselves as “Helping the elderly improve communication with their loved ones.” These owner/operators recognize that their customers (predominately elderly people with hearing loss) are forced to come to the clinics because a spouse or child has been complaining that the television was too loud or that the patient never listens to them any more. The top performers recognize that the patient is in the clinic to solve an uncomfortable social problem with their spouse or children, not just to buy a hearing aid. The patient perceives that a deeper need is being met, leading to much greater personal satisfaction and, in the above case, increasing annual clinic sales from \$400K per clinic to over \$1.3M.

Even a fast food company's seemingly obvious initiative of “Speed of service is a core value,” is actually addressing a deeper social problem. Most people don't go to a fast food restaurant for leisurely dining. Instead, fast food restaurants solve the social problem of hurried schedules and high-stress environments. The

stressed-out mother with a car full of hungry kids or the office worker who only has a few minutes to eat before returning for an important meeting are examples of people trying to address this deeper social problem. Getting acceptable food, fast, is critical to their sanity!

Top managers realize this more profound purpose for their organization and they are able to articulate it to their staff, their management, and ultimately, their customers.

**Consistent Pattern #2:** *Top managers interpret corporate initiatives in a way that creates significant excitement for themselves, their team and, ultimately, their customers.*

In sharp contrast to the top managers' profound understanding of the customers needs, most organizations' attempts to improve customer service are presented in confusing, ineffective "corporate-speak" that is removed from the customers' real requirements. For example, a customer service initiative expressed as: "Improve back store management," was actually meant to express the idea that the customer should have better choices from available inventory. Another initiative, expressed as "More effectively develop our performance management," was meant to focus sales associates on being more responsive to customers. Both the customer perspective, and even information about the underlying corporate rationale, for these types of initiatives are difficult to identify and understand.

Even when confronted with these types of initiatives, top managers convert them into more effective forms. For example, top managers transformed a large department store's initiative from "Improve customer service" into "Provide the products, systems and staffing that leads to the customer purchasing the product they want, feeling that it is an excellent product and feeling great about the experience."

This is not, however, pop psychology. The top managers are not providing therapy. They are simply aligning the resources and capabilities of the organization with the real reason the customers are in the store, and customers love it. As a leader of an acquisitions management team put it:

*"There is always a hidden, deep driver for an acquisition. This is usually expressed in a single phrase from the CEO or CFO. When we hear the phrase, without even talking with the customer, we align all of our due diligence with the deep driver. To the customer, it is like magic. They get all of the information they need, quickly and to the point, before they even really understand that they need it. They instantly recognize the value and are consistently amazed."*

By identifying and responding to the customers' profound need, often without them even knowing they had the need, the top managers provide such extraordinary service that the customers become devoted.

Staff in these chains become incredibly energized and customer focused. They believe that they are doing something of significant social value and act accordingly. Customers, of course, love staff that recognize and respond to them this way.

Customers often describe their service in these stores by saying things like:

*“How did they know that about me? They knew more about me than I did about myself.”*

The stores are meeting the customers’ needs before the customer even knows they have the need. That is service! Naturally, customers who feel that a store has such a profound understanding of who they are and why they are in the store are more likely to become devoted than if they are treated as just another source of revenue. Serving customers this way is a huge competitive advantage and goes a long-way toward building their devotion to you.

Finally, this profound understanding of customers creates many additional opportunities for sales. Rarely is a profound social need met by a single, isolated product or service. Instead, customers need bundles of integrated products and services to be completely satisfied. Thus, adding a service contract to the purchase of a hearing aid is a natural outgrowth of taking care of an elderly person’s need for security. So is providing school supplies in a pharmacy that thinks of itself as a natural component of helping a family in distress. By servicing the complete customer, top managers generate significant additional sales.

## Managing the Complexity of Service

**Consistent Pattern #3:** *Top managers know that great customer service requires excellence in all aspects of a complex, comprehensive interaction with a customer.*

Providing great service is actually a very complex process, much more than simply getting all of the sales people to smile at the customer. Top managers view superior customer service as a complex interaction between the:

- Expectations set by marketing
- Quality and appearance of the facility
- Operational systems that deliver products and services
- Actual quality of the products and services themselves
- Staff interaction with the customer during the sales and service situation

As one top-performing store manager put it:

*“If a customer reads an ad, comes into the store expecting the advertised product and you don’t have it, you can smile as much as you want and you still won’t produce a satisfied customer.”*

Great customer service requires excellence in all aspects of a complex, comprehensive interaction with a customer.

Top managers are not blocked by the complexity of their environments or by their minimal control over things like product quality, central marketing messages or information systems. Top managers focus intensely on the customers’ profound need, and then organize the elements of customer service into a few key, highly interrelated categories. They focus on what they personally

can do to create devoted customer service, without waiting for someone from the corporate office to solve their customer service problem.

**Consistent Pattern #4:** *Top managers always begin with the people issues.*

Seemingly regardless of the type of chain, the top managers identify the following key categories, in the order shown, as critical to both developing a superior customer service program and to troubleshooting service breakdowns:

1. Management and staff attitudes and skills
2. Tools for determining staffing levels and scheduling
3. Marketing and merchandising
4. Basic operational systems (such as in-stock management systems or the headphones used in fast food restaurants to monitor the drive-thru, etc.)
5. Management behaviors, particularly circulation patterns, risk detection and management and customer problem handling
6. Passion-building and sustaining activities
7. Corporate reporting and response

While the top managers understand that actions in one category affect other categories, they use the above sequence of categories to systematically focus their attention. The top managers always begin with the people issues, particularly focusing on ensuring that all of the management team understands the customer's underlying need. According to top managers, effective management and appropriate customer attention can overcome most other issues, including product quality, marketing and systems barriers.

Not surprisingly, the top manager's view is not always consistent with the corporation's view. The top managers systematically ignore corporate pressures and/or modify the corporate guidelines because they know that most other initiatives are secondary to their current practices for creating devoted customers. Thus, these categories give powerful guidance, enabling the manager to focus their service improvement efforts without being overwhelmed.

## Great Customer Service Behaviors

**Consistent Pattern #5:** *Top managers focus on behavior patterns, not specific issues.*

Once a top manager has defined both the profound customer need and developed the infrastructure for excellent customer service, they focus in on specific service behaviors.

They do this by providing detailed behavioral guidelines, highly adapted to their particular environments, for each of the categories above. For example, top performers in a hardware chain, when discussing management and staff attitudes, emphasized the importance of having the manager on duty (MOD) for a particular shift circulate constantly and not get bogged down solving a specific

issue. Instead, they believed that the MOD should undertake the following steps in the order listed:

1. Listen to a problem carefully
2. Diagnose the problem
3. Assign the problem to an associate for resolution
4. Check in regularly to ensure that the problem was resolved

This behavior pattern was contrasted with the less effective managers' tendency to focus on a single problem, allowing their overall management of the store to decline. Good managers help promote great service by managing the entire environment, not just solving one problem.

***Consistent Pattern #6:*** *Top managers live by service behavior guidelines that are extremely specific.*

Similarly, top managers at a large apparel company use one particular section of a sales report, rather than the hundreds of reports available, as an early warning indicator of a potential customer satisfaction problem. This section identifies "hot sells" (merchandise that was selling quickly) which then are compared to their current inventory levels. When available inventory for hot sells looks low, the top managers use a network of informal contacts to find more of the desired items for their store, even though inventory levels are, in theory, only established by corporate. The top managers are very specific about the sources of information essential to customer satisfaction, how to interpret the information and what to do to prevent a problem from occurring.

Do these types of behavioral guidelines seem familiar? Superficially, they may appear to be similar to the core of virtually every current customer service improvement initiative. Most standard customer service improvement initiatives provide short behavioral scripts or stirring slogans, but not much else. However, the top managers' guidelines are actually quite different from the standard offerings. They have significantly greater detail, depth and nuance, are very tailored for the specific environment, and have proven successful in a wide variety of circumstances. When examined in-depth, the top managers' behavioral guidelines are far more powerful and significantly more effective than the usual fare.

## Mastering the Details of Customer Service

***Consistent Pattern #7:*** *Top managers create a comprehensive experience that continuously reinforces customer devotion.*

How does a company create an environment that consistently produces these behaviors? Just as the top managers can specify the behaviors required to provide great service, they can list the tasks required to create an environment that consistently produces these behaviors.

Table 1 on the next page illustrates some of the specific tasks top managers from a large retail chain use to ensure great service. There are, of course, many other tasks for each major category – Table 1 only provides a sample, but it illustrates

the specific, detailed nature of the tasks identified by top managers. The task list is easily converted into a site-specific action plan for improving customer service.

Staff and customers love environments managed this way. As one store manager expressed it:

*“Do you trust a store manager who isn’t well organized? I don’t! On the other hand, when everyone in a store really knows what they are doing, why they are doing it, and how to get it done, there is a sense of competence and success that breeds repeatable excellence. Both the team and the customers ‘feel’ it immediately.”*

Category	Guideline
Tools for determining staffing levels and scheduling	<ul style="list-style-type: none"> <li>- Identify the times of day and days of week most critical to effective service</li> <li>- Identify the knowledge and skills most critical to customer service</li> </ul>
Marketing and merchandising	<ul style="list-style-type: none"> <li>- Get involved with the community</li> <li>- Review all of your signage and displays to be sure the merchandising is really consistent with the image you want to sell</li> </ul>
Basic operational systems such as in-stock management systems or the headphones used in fast food restaurants to monitor	<ul style="list-style-type: none"> <li>- Identify which basic operational systems are most critical for customer service</li> <li>- Identify and establish a one-on-one relationships with support personnel for these systems</li> <li>- Fix any problems with the operational systems</li> </ul>
Corporate reporting and response	<ul style="list-style-type: none"> <li>- Identify the corporate reporting requirements that are critical, and focus on them.</li> <li>- Establish one-on-one relationships with your key suppliers, particularly corporate merchandising</li> </ul>

Table 1: Sample Tasks for Developing a Customer Service Environment

## Continuous Superb Customer Service

**Consistent Pattern #8:** *Top managers continuously monitor the environment.*

Unfortunately, even with concerted efforts to create superior customer service, these environments can erode quickly. Top managers prevent deterioration of service by continuously monitoring their environment, which usually consists of frequent reviews of formal customer service and satisfaction metrics, tracking progress on completing the service improvement plan and daily service tasks, and a variety of environmental cues that enable them to determine the level of customer service quickly and directly. For example, top managers at a large retail

chain used the following cues to determine the service level of their stores:

- Looking for “wandering” customers
- Monitoring the length of checkout lines
- Checking the “buzz” factor (specifically, is the staff moving around with energy and purpose)
- Monitoring the “escalation” factor (i.e. the number of times they are having to solve problems)

Simply put, top managers are very visible and active in monitoring and promoting excellent service. In turn, this intense involvement communicates to staff and customers alike the commitment to superior service.

## Customer Service in Far-flung Companies

**Consistent Pattern #9:** *The top managers’ “secret sauce” can easily be leveraged throughout the organization to create consistent customer devotion at all outlets (e.g., stores, restaurants, etc.).*

Once customers have experienced this type of service environment from one outlet in a chain, they expect it from all of the outlets. It feels so good, that the absence of this level of service is obvious and disquieting. Top managers raise the standard for the entire chain.

How then can a chain create this level of customer service in every one of its local units? Digital Coach Technology (DCT) is the answer!

DCT is designed to emulate the process that an organization’s top managers would use to coach less knowledgeable personnel to superior customer service. More specifically, DCT uses a highly structured methodology (see Figure 1) consisting of a specialized interview that encourages top managers to tell their customer service stories, polish the stories into a set of repeatable best practices, and store the best practices in an archive. When a local unit is struggling with providing good service, instead of asking a top manager to coach them, they recall the best practice from the archive and are “coached” through building a customer service program as though the top manager was there. This information is available 24/7 and removes the personal variables that cause inconsistency in one-on-one coaching interactions.

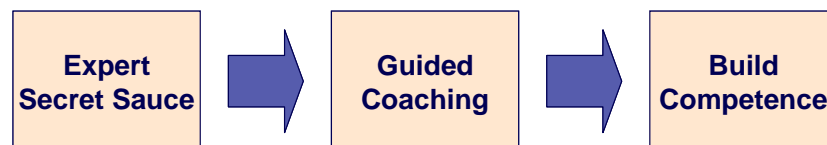


Figure 1: Structure of DCT

When applied specifically to customer service initiatives, a sequence similar to the one presented in the previous article, “Strategy to Action in 6 Days,” is followed:

1. 6-8 district and store managers, who are top performers in customer service and sales, are assembled for a three day knowledge harvesting workshop in which all of their specific mental models, processes, risk detection and management strategies, supporting resources, etc., about customer service are gathered
2. The content is polished for an additional two days and is loaded into a DCT electronic library
3. DCT coaching on how to improve customer service begins throughout the organization on day six
4. Within a few weeks every local unit in the chain has a complete understanding of the reasons for the improvement and a detailed action plan for implementing the improvement, which is continuously tracked.

Typically, the planning time required to implement this type of improvement is reduced 80% and the time it takes to actually achieve the improvements is reduced 30-50% over conventional approaches.

However, the application of DCT to customer service goes well beyond initiatives aimed directly at improving service. DCT knowledge harvesting can convert initiatives focused in other areas into initiatives that improve service. For example, an apparel chain was planning to improve their merchandising by reducing the visibility of clothing aimed at an older clientele while increasing the visibility of more current and fashionable merchandise. During the DCT knowledge harvesting, the top managers converted the initiative into:

*“Emphasizing the youth and energy in all of us by providing and displaying more fashionable options.”*

Through DCT, a dull merchandising initiative became an exciting focus for staff and customer alike by emphasizing a solution to a profound problem. It was easy to add a detailed action plan and to quickly implement the change. DCT enables superior customer service through a far-flung enterprise.

## Summary

Top performing managers are “in tune” with their customers since they work with these customers daily. Top managers develop a complete understanding of, and empathy for, their customers’ experience that is translated into service behaviors that literally amaze customers – that’s why they’re top performers! Amazed customers quickly become devoted customers and, as we well know, devoted customers are the foundation of sustained sales and profits.