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Why Customer Service Should be #1

As I'm on my way to New York to give a speech on leveraging supply chain strategy to achieve a competitive advantage, I've been thinking about common themes with my speeches, articles, surveys and client observations - customer service emerged as a vital priority in all cases.

Customer service has to be #1 in the "new normal" business environment. During the last two years, the U.S. has been in a recession, and we are currently flirting with two divergent paths - emerging from the recession and/or going back into a recession. Depending on the last report or the month, day or hour, the media and experts argue both sides of the debate. From my perspective, we are just in a "new normal".

We cannot go back to the "spend, spend, and spend" days of the last 10 years - after all, there's no credit or credit-worthy requestors, and the baby boomers are beginning to retire and reduce spending. At the same time, unemployment is high, and people are much more concerned with each penny spent. It must be worth it! Thus, customer service expectations are suddenly elevated - just when businesses have a harder time delivering.

Because of the exact same reasons as those which caused elevated customer service expectations (a shortage of cash), businesses are having more issues maintaining customer service levels. There is immense pressure to reduce costs (headcount included), do more with less, free up cash (reduce inventory levels) etc. Unfortunately, in 8 of 10 cases, I've seen customer service suffer, creating an opportunity for those who can stand out in the crowd with customer service.

Companies with exceptional customer service not only have happy and loyal customers (who wouldn't want this?) but they also typically end up with more customers. In the last round of quarterly earnings, it's become more obvious that although companies are improving their P&L through cost cutting measures, revenues are stagnant. As my former CEO used to say, "you cannot cut your way to success" - after all, any business requires at least a skeleton crew to operate the business. What do you cut once you've cut to the bone? So, customer service becomes even more enticing....

The good news is that any business or person can stand out in the crowd with exceptional customer service - no investment required. It begins with attitude and expands from there. For example, I've always detested going to the dentist. I have no idea why as I've never had extreme dental work or a poor dentist, but I really dreaded going to the dentist. I hadn't even seen "The Little Shop of Horrors" at that time, so I have no excuses. I also don't typically like to socialize at a dentist appointment - especially at the dentist!. I hate to admit but I'm one of those people who read a book or work on the plane and might not even know the name of the person sitting next to me. Yet, even with all these peculiarities, I've become a raving fan of my dentist.

Although my dentist stands out in a crowd (just today she joked about how I need to realize she is in the dentistry business since I had another 'uneventful visit' and so if I felt like opening a beer bottle with my teeth during football season, she'd encourage it), the hygienist is fabulous. Not only would I pay extra but I do schedule my appointments

many months in advance in order to ensure I get my hygienist. I even plan my travel schedules around my appointment if at all possible - or, I'll wait if need be.

So what does she do? In the beginning (15 years ago), I just appreciated that she knew I was in a hurry and so made it a priority to be efficient. However, over the years, I began to appreciate her stories - as normal as they were, she made them sound exciting. Now I look forward to hearing her travel stories, even though she typically does the same routine each year - goes back home to eastern Canada to visit her parents with her son and husband. And, she seems to care about whatever I have to say - although there isn't much as it's difficult to carry on long conversations while in the dentist's chair.

Today I was thinking about how she was quite effective in making me feel as though I was doing an excellent job at taking x-rays - of course, I actually did nothing to achieve this success. Then, when my "perfect record" was broken (as there were 18 x-rays, and we were 14 or so into the process before one wasn't perfect), she made it sound as though I somehow still did better than everyone else. What could be better customer service?

For someone who dreads the dentist, it's amazing that I've become a raving fan - and will go out of my way for it. A price war with the dentist next door would have no effect on me, as she's turned her business into a relationship business. Can your customers say this about your service? What can you do to stand out in the crowd?

Lisa's Tips: Innovation

As innovation is key to succeeding in the "new normal", I thought a few tips might prove helpful:

1. **Create a culture of innovation** - it's not enough to encourage innovation in R&D. Those companies who create a culture of innovation will be those who succeed.
2. **Start with the customer** - it doesn't matter what your best sales person or R&D resource thinks a customer wants. What matters is what the customer perceives "to add value".
3. **Encourage mistakes** - it's impossible to innovate if mistakes are considered "bad". Instead, mistakes must be encouraged. A trend of the same mistake would be considered "bad".
4. **Invest 1st** - in today's economy, businesses are cutting costs and conserving cash. However, to innovate, you must invest - at least make it a priority in terms of time. There are smart ways to invest without breaking the bank.
5. **Encourage debate** - it's tough to develop a new product or create a new service if everyone is encouraged to "toe the line". Creativity is stifled unless debate and brainstorming are encouraged - not just in words but in Managers actions.

Recommended Reading

"[The 24-Hour Customer](#)" by Adrian Ott - a fascinating book on the new rules for winning in a time-starved, always-connected economy. Adrian provides interesting insights into "the money value of time". It's a must read for anyone interested in building better relationships with customers who have less time to give you and are more distracted than ever before.

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