

Beyond Close to the Customer

with Tom Peters

Viewer's Guide

Enterprise Media

91 Harvey Street
Cambridge, MA 02140
800-423-6021
www.enterprisemedia.com

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Introduction

In *Beyond Close to the Customer*, Tom Peters addresses the all-important issue of customer service, which he says will be “the number one competitive battleground of the '90s.” Through 20 propositions, Peters calls for a total reconception of the organization and of relationships with customers. The propositions range from everyday details of delivering service to “bet-the-company” investments in high tech. Those organizations, says Peters, that get service right, will make it. And the organizations that don’t get the message and don’t do the job right, won’t be in business five or ten years down the line.

How to use this guide

This guide is designed to help viewers explore the meaning of service in their organizations and develop action plans for realizing service strategies as a competitive advantage.

Each proposition is discussed individually. Discussion topics and suggestions for individual and team action for each proposition, as well as summary exercises, are provided.

The exercises and topics should provoke thought, debate and action. Follow-up meetings will undoubtedly be needed to follow through on these initiatives, to address larger issues, to celebrate accomplishments — and, most important, to keep the emphasis on implementation, action and follow-through. One bold suggestion: include customers in your follow-up meetings.

Part I: Fundamentals

Proposition 1. Service is about limo drivers who show up, or KISS — keep it simple, stupid.

In extremely competitive markets, where products and services have become highly customized and differentiated, a focus on the fundamentals is critical. Remember the seminar participant who said his memorable service experience involved a limo driver who showed up at the right place at the right time. Phil Bressler, one of Domino's Pizza's top franchisees, draws on his experience as a basketball coach to focus on fundamentals. He holds regular pizza-making drills for his team. (After all, you can't deliver a pizza in a guaranteed 30 minutes if you can't make it fast.)

■ In the last six months, what was your most memorable customer service experience? Why? (Also think about your most frustrating experience as a customer. What made that experience disappointing?)

■ What are your organization's service basics? Timeliness? Accuracy? Large inventory? Personal service? Choose only two or three fundamentals. When you've settled on your list, ask yourself if these qualities are the most important to your customers.

■ Are you keeping score on the fundamentals? Check printer Deluxe Corporation set a simple standard of service 50 years ago (shipping orders the day after receipt). Deluxe not only scrupulously tracks these numbers, but also publishes them in the annual report.

■ Take a look at your operation, especially front-line service delivery. Could you use Bressler's drill concept to keep all eyes on the fundamentals and bring up performance skills, too? Don't get complicated. Think simple: Start drills on order taking and filling and accuracy in shipping and billing. Make it competitive and fun, too.

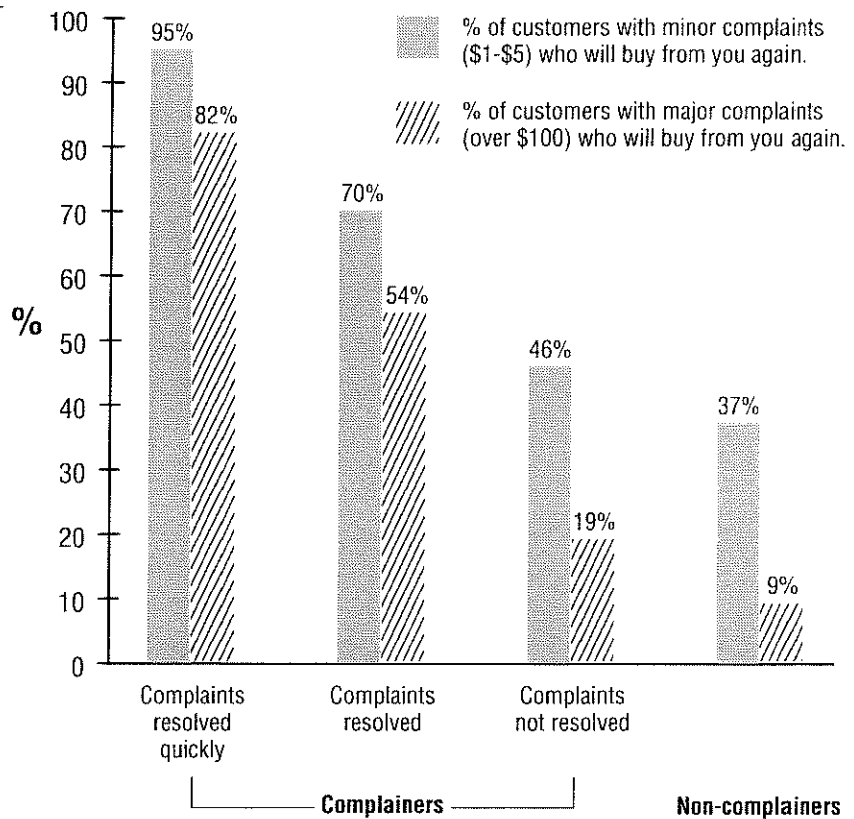
Proposition 2. Service is about remarkable comebacks.

Service is about listening to customers even when they have bad news, and then responding to what you've heard. In strict dollars-and-cents terms, fixing a single customer's problem may be the most important thing anyone in business can do in a given day. Studies by the Technical Assistance Research Programs (TARP) demonstrate that 82 to 95 percent of dissatisfied

customers remain loyal to a business if it addresses their problems. In fact, customers with problems that get fixed are even more loyal than satisfied (or at least uncomplaining) customers, many of whom don't complain because they don't believe anyone cares. Remember the seminar participant/hotel executive who changed his feedback card to read, "Complain — Win \$500!"

How many of your unhappy customers will buy from you again?

Source: TARP



■ Look back at your list of memorable customer service experiences. Most likely, a good proportion will be “fixes” — a transaction or experience that started all wrong, but through extraordinary effort by the supplier, got fixed. Examine how these “fixes” affected your feeling about the company and its product or service.

■ Are you actively looking for complaints as opportunities to demonstrate your service? Is it easier for your customers to complain or switch to a competitor? The motto at Nordstrom, the

Seattle-based apparel chain, is “no problem at Nordstrom.” Everyone in the store takes returns — no forms, no questions, no problems.

■ Who handles customer problems in your organization? How many layers of sign-offs lie between the customer’s problem and the solution? How long does the process take? (At Marriott Hotels, the complaint forms go all the way to the top the morning after they’re received.) How can you improve the process? (When all else fails, ask a customer.)

Proposition 3. Service is soft and low tech — about attitude, listening, perception and empathy.

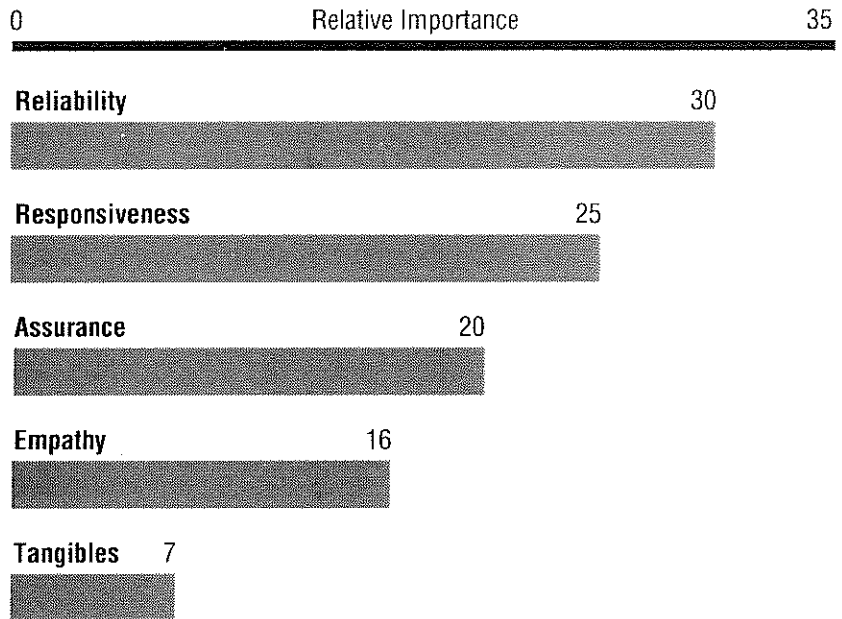
The ultimate measure of service is the customer’s perception. Technical proficiency, quality and price all matter, but “soft” qualities like attitude and empathy matter more — and listening matters most of all. Aircraft engine maker Pratt & Whitney recently lost a big chunk of its multibillion-dollar Air Force market to GE. They weren’t beaten on cost or technology. Instead, the Air Force cited arrogance and unresponsiveness among the reasons for switching suppliers.

■ Is your organization delivering what your customers value? Ron Zemke conducted a study of coffee breaks at conferences. It showed that the catering managers focus on coffee, other food, clean tablecloths and china, while customers want coffee, short lines for

refills and availability of phones and restrooms. Which aspects or features of your products or services are important to your customers? How are you gathering these customer perceptions? Are you taking them seriously or discounting them as foibles?

■ Tom Peters says perception is equal to the sum, positive and negative, of a thousand tiny little things. Different customers value different little add-ons. Ford began the design process on the acclaimed and popular Taurus by purchasing and examining 100 cars and identifying 400 features or details to match or beat. How do the details and features of your products and services stack up to the competition’s? Do your own analysis and ask customers — yours and the competition’s.

How much did each dimension influence customers' overall ratings of service quality?



Importance ratings based on multiple analysis. All dimensions are statistically significant at $p=.001$. Source: The Forum Corporation

■ Write a detailed "listening strategy" for your organization or department. Who do you need to listen to (customers, vendors, distributors, end-users)? When will you listen?

How much of your own time will you set aside for listening? Five calls a day? A visit a week? Saturday morning focus groups?

Proposition 4. Service is about delight, not satisfaction.

In our highly competitive world, a customer who's merely satisfied is halfway out the door. In order to have strategic and competitive value, your service has to be extraordinary — a source of delight to customers. Remember the corporate philosophy of Smith & Hawken, the successful California-based garden equipment supplier: "Our goal as a company is to have customer service that is not just the best, but legendary."

■ Go back to your memorable service experience. What made it a source of delight?

■ Discuss your company's service. Is it satisfactory or legendary? If it's not legendary yet, what would it take to make it legendary? How can you get customers to help you set legendary standards? How can you enlist front-line service delivery people in meeting those standards?

Listening

Listening to customers is the foundation of service. You simply cannot listen too much. Everyone in the organization should be listening to as many customers as possible — in as many different ways as possible.

Here are a number of ways, large and small, that companies listen to customers. How does your organization rate? There is space to check your impression of how aggressively you're listening, and a column to back up your impression by noting the frequency.

Note: You might ask the group to answer for themselves as individuals, for their departments or the company as a whole.

Listening Frequency

		always	often	sometimes	rarely	never
Survey:	mail					
	phone					
	in-person					
	focus groups					
	in-company					
	third party					
Comments:	return cards					
	suggestion boxes					
	800 telephone numbers					
Visits:	end-users					
	distributors					
	customers visit you					
	vendors					
Complaints						
Hanging Out						
Mystery Shoppers						
Everyone is actively listening.						
Listening results are shared and updated frequently.						
Does your company have a customer information system (CIS) equal to your MIS?						
How much of your in-box is customer (not internal) information?						

Part II: Details, details

Proposition 5. Service is about expectations.

The watchword is underpromise, overdeliver. Ironically, customers don't perceive service in absolute terms. They are more impressed when service is delivered as promised. A quantitative study of the banking industry confirms the importance of expectations. Say Bank A promises a service by noon and delivers at 1:30, and Bank B promises the same service by 4:00 and delivers at 3:00. Customers prefer the service at Bank B hands down, despite the fact that B did not perform as well in absolute terms.

■ Are you keeping your word with customers? (Meeting a customer's expectations is that customer's yardstick for your whole organization's

credibility.) Are you *overpromising* and *underdelivering*? Do your service people call back when (or before) they promise? What can you do to spread the word that your organization's credibility is at stake?

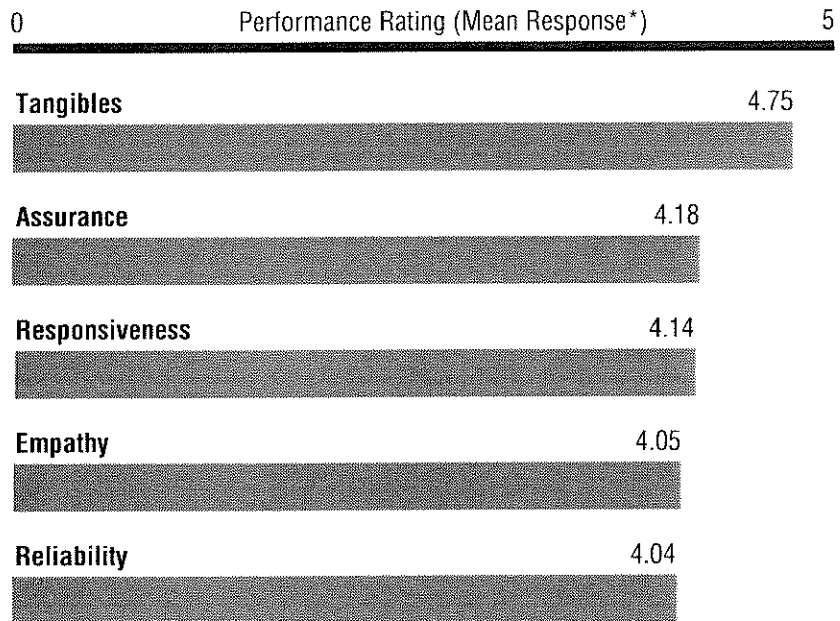
■ What are some of your most persistent customer concerns and problems? Do any of them stem from disappointed expectations? Remember how the airlines have addressed customer concerns about delays by adjusting the schedules (and therefore customer expectations). Are you communicating clear and realistic performance standards to your customers? Are you keeping your promises, both explicit and implied?

Proposition 6. Service is a larger part of quality than quality.

The customer, after all, is the chief arbiter of quality. Irving Snyder, Dow's former director of research, says quality is "the customer's perception of excellence." He tells of a European customer of Dow's carpet backing. Dow has scads of quality measures, but three times the European customer

returned the backing because it failed *his* quality test. He conducted a roll-stool test, rolling an office chair over the carpet 30,000 times to see if the carpet separated from the backing. But service pushed quality standards up: Dow went back to the lab and made a backing that survived 80,000 rolls.

How well are companies performing on the dimensions of service quality?



*Original scale has been recorded from 10 to 5 points, where 1=poor, 3=average, 5=excellent. Source: The Forum Corporation

■ Choose one of your products or services. How do you define quality? (Be detailed and specific.) Now, how many of these quality standards were generated by customers? How many are focused on your organization's technical proficiency versus the needs and demands of end-users? (Follow through by bringing customers together and asking them what you could do to meet their quality standards.)

■ When you talk about quality in your organization, is service part of the picture? Are you measuring service like you measure quality? Remember The Forum Corporation data that shows when it comes to

service, customers care about reliability (do what you say), assurance (convey trust), empathy and responsiveness (perceived helpfulness) more than they care about the tangibles (like equipment or appearance).

■ Starting today, put your shoulder behind a revolution in service quality. Promise yourself that you will never walk by a mediocre act of service. You wouldn't ship a defective product to a customer, why should you inflict bad service? Pitch in with the front-line service deliverers to astonish your customers. Celebrate your service "heroes," those that deliver outstanding quality.

Proposition 7. Service is about people.

A reputation for service happens one step at a time, when one of your organization's people helps one of your customers. What's at stake in one service transaction? *Everything*. As Stew Leonard, the wildly successful Norwalk, Connecticut, grocer, says, "Every time I see a frown on a customer's face, I see \$50,000 walking out the door." That \$50,000 is what Leonard calculates as the "lifetime" (or 10-year) value of a customer (\$100 of groceries a week times 50 weeks times ten years).

■ Figure the lifetime value of one of your customers.

Average transaction x yearly
frequency x 10 years = LIFETIME VALUE

Everyone in the organization can and should be able to calculate the value of a customer and understand what's at stake in every transaction.

■ Remember how Tom Peters computed that a front-line Federal Express courier manages a portfolio of \$14,400,000 worth of company business. Figure the portfolio value of a front-line worker in your organization or department. Look at the portfolios managed by production workers, people in the warehouse, on the trucks, and the all-important receptionist (who probably manages your organization's entire portfolio). Are you treating front-line people with a level of respect that matches that level of responsibility?

Proposition 8. Service is about self-esteem more than training.

Organizations have no trouble making capital investments, but when it comes to investing in human capital — their employees — few can boast of a reasonable, much less exceptional record. According to a study by Zenger-Miller, the average company invests only \$2.58 per employee per year on training front-line people on the real issues of service. Yet, lavish training budgets — some amounting to continual lifelong learning — in companies like Johnsonville Foods, Disney,

Stew Leonard's dairy, IBM and Harley-Davidson have unleashed an awesome potential.

■ Is there a feeling of ownership and self-esteem throughout your organization? Before you say yes or no, marshal your evidence. Do people say "we" and "our" a lot? Do they talk up the organization to friends and family? Do they let them know about job openings? On the downside, what's your record on grievances?

■ Do you honestly feel that every front-line worker has virtually unlimited potential?

■ Run a reality check. Spend time on the line in the plant, the warehouse, on the phone banks. Are line employees fully empowered to define

and spot problems? Do they have the tools to do their jobs to the best of their ability? Remember the turnaround artist who made his fortune by asking the front-line people what's wrong and how to fix it, and then telling them to go ahead and do it.

Proposition 9. Service is about little things and, thus, a culture of constant improvement.

In order to compete on service, innovation must become a way of life for everyone in the organization. No more "a fair day's work for a fair day's pay." The watchword today must be "what have you improved lately?" Innovation need not mean great leaps forward, but one-step-at-a-time constant improvements. At Toyota, 5,000 worker-generated improvements are *implemented* each day.

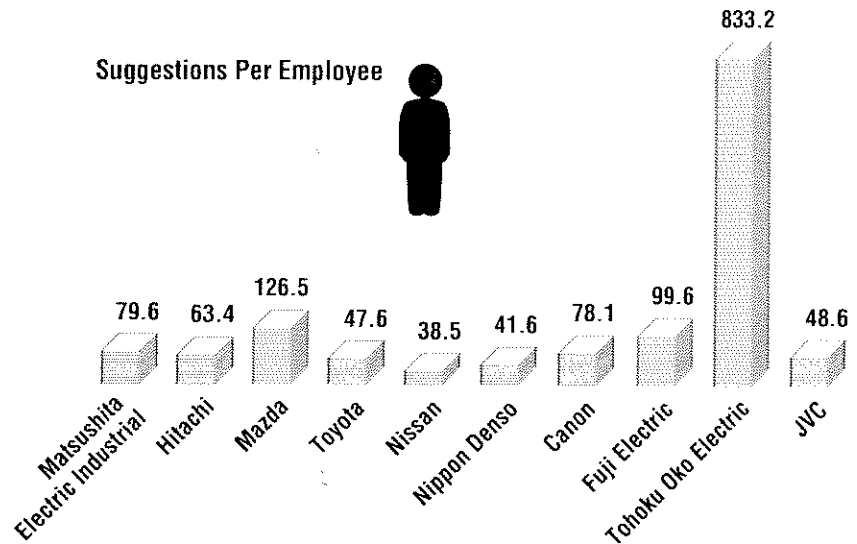
■ What happens to good ideas in your organization? Are good ideas wasted in grumbling? Buried in paperwork? Or are they championed and implemented? What would it take to get you from where you are to the level of a Toyota?

Consider starting a line-driven suggestion system today. Assign managers to promote the idea and to act as resources and support for line workers. Be sure to keep the feedback tight. Refer to the graphic on the next page.

■ What have you improved (changed) lately? Review your own job. What have you improved in the last 90 days? Every small change counts — from eliminating one needless memo or procedure to delegating a new project to your assistant. Then list all the changes and improvements you will make in the next 90 days. (Target 30 percent *more* improvements in the next 90 days than in the last.)

The Top 10 Companies for Suggestions in 1986

Source: Japan Human Relations Association



	Number of Suggestions	Number of Employees
Matsuchita Electrical Industrial	6,446,935	81,000
Hitachi	3,618,014	57,051
Mazda	3,025,853	23,929
Toyota	2,648,710	55,578
Nissan	1,393,745	48,849
Nippon Denso	1,393,745	33,192
Canon	1,076,356	13,788
Fuji Electric	1,022,340	10,226
Tohoku Oki Electric	734,044	881
JVC	728,529	15,000

Proposition 10. Service is about measurement.

Everyone in business knows that what gets measured, gets done (and what gets paid for, gets done more). Manufacturing operations have mastered these equations, but most service operations throw up their hands at the prospect of hard, quantitative measures of service — and tying compensa-

tion to them. Not First Chicago Corporation, the huge (\$45 billion in assets) financial services firm. First Chicago keeps 650 service measures updated weekly. Even better, the firm consulted customers in designing the measures and invites them to weekly review sessions.

■ What kind of measures do you keep on service? How many and how often are they updated? How widely are they circulated? At every work station on the production line at Nissan in Smyrna, Tennessee, there are displays of dealer and customer comments. What measures might you institute? How can you keep service measures clearly in the mind of the people in your department or group?

■ Does your organization tie compensation to service? Jack Tate, founder of Baby Superstore, inaugurated a bonus for his distribution team based on store sales. Performance skyrocketed. Some team members spent one weekend working on opening a new store in a record 24 hours (compared to a conventional three weeks). If not formally, think of informal incentives you might provide, such as rewards and celebrations.

Proposition 11. Service is very, very high tech.

Information technology and electronic data interchange are today's most important ways to link up to customers and provide necessary speed and responsiveness. Remember McKesson's \$125 million investment in computers to electronically link up to their 12,000 independent pharmacist customers. With better, faster service, customers prospered, and so did McKesson. (In seven years sales rose 600 percent.)

■ How can you use high tech to serve your customers better? You may not be able to make a multimillion-dollar investment, but you may be able to leverage the power in

internal high-tech systems to serve customers better. Brainstorm some ideas. Here's one to get you started. Orlando, Florida-based Attorney's Title Insurance Fund placed computer terminals in its attorney-customers' offices. Using a system called ATIDS (Attorney's Title Insurance Data System), customers now do much of the title search work themselves. Speed and accuracy give customers as well as Attorney's Title a substantial marketplace advantage.

■ Choose one or two customers (end-users and distributors) and form a joint task force to establish closer linkages. How can your computer talk to their computers?

The winning strategy is to create a corporate culture of continuous, small improvements in service. Japanese corporations, like Toyota, insist that everyone be constantly involved in improving products — every boss, every front-line person, every salesperson, researcher, supplier and subcontractor. According to one expert, “Japanese management generally believes that a manager should spend at least 50 percent of his time on improvement.”

Be specific. The more specifically you can spell out your idea, the easier it will be to implement. Concentrate on small improvements that you can carry out with your own resources. When you have established a track record of innovation, it will be easier to enlist others' support.

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Part III: Bold moves

Proposition 12. Service is about competing in time.

Time is the key strategic variable. Organizations in every industry are winning the competitive battle by radically cutting product development and delivery and production schedules. Boeing has taken one process from 21 steps covering 1.5 miles and taking 40 days to 13 steps over one-third mile in just 4 days.

- Take one typical customer transaction and chart it out step by step from order to delivery and paid bill, noting for every step the turnaround time. Then, set a tough quantitative goal (say 20 percent) for

speeding up the process. Discuss ways to streamline each step.

- Find a company (such as Boeing, Omark, Chaparral Steel, Milliken & Co.) that stands out as a leader in its industry in speed and responsiveness. Schedule a two- or three-day visit. Take note of the details of how they are able to compete so effectively in time. Remember to observe not just the industrial engineering, but the details of attitude, management and worker involvement, teamwork and "ownership."

Proposition 13. Service is about total, sweeping, once-every-2,000-years reorganization.

The traditional, many-layered bureaucratic organization just can't compete on service with the new-style, fast-moving "hierarchy-less" organization. New-style organizations, such as Wal-Mart (the \$20-billion retail chain with just three layers of management) and Federal Express (whose founder, Fred Smith, says he'll resist ever allowing the company to get beyond four layers of management) are better adapted to today's turbulent

market because everyone is that much closer to the front line. (And the front line has the autonomy to get the job done.)

- Discuss the hierarchy in your organization. How many levels of approval, for instance, are required to get a new project off the ground? Honestly, how many of these are necessary to the process? Identify the bureaucratic "bottlenecks." How might these bottlenecks be removed?

■ Start a sweeping reorganization by making a radical reduction in paperwork. Wal-Mart has set a goal of reducing paperwork by 50 percent. Each week, the company places one ton of company paperwork on pallets in the hallways of corporate headquarters to keep the goal clearly in front of employees. Make a list of forms and reports and sign-offs that can go. Then, trim the necessary forms in half.

■ Be a subversive debureaucratizer. Get out in the field. Skip a few layers and get directly to the front line. Ask them what's happening. Hand out some approvals and go-aheads on the spot.

■ Reorganize your department. "Flatten the pyramid" and run your department like a one-level team.

Proposition 14. Service is about turning adversaries into partners.

To cut production time, deliver extraordinary service or institute an across-the-board quality revolution, firms must work closely with vendors, distributors and customers as partners. Since 1980, Xerox has cut production suppliers from 5,000 to 350, and each supplier is Xerox's partner in profit. PPG Coatings & Resins division, maker of auto paints, takes partnership very seriously. Where PPG is a single source supplier, the company will build a dedicated satellite plant a mile or two from the customer's facility to provide just-in-time inventory and an extra round of quality control.

■ Think of your own long-standing suppliers (or distributors or end-users). Which one

of them stands out as delivering exceptional service? What makes this vendor a partner in your success? List ten unique benefits that this supplier provides for you. Is it the product? Price? Contact person?

■ How can you strengthen partnerships with your suppliers? List ten ways in which you, as a customer, provide unique benefits for your vendors.

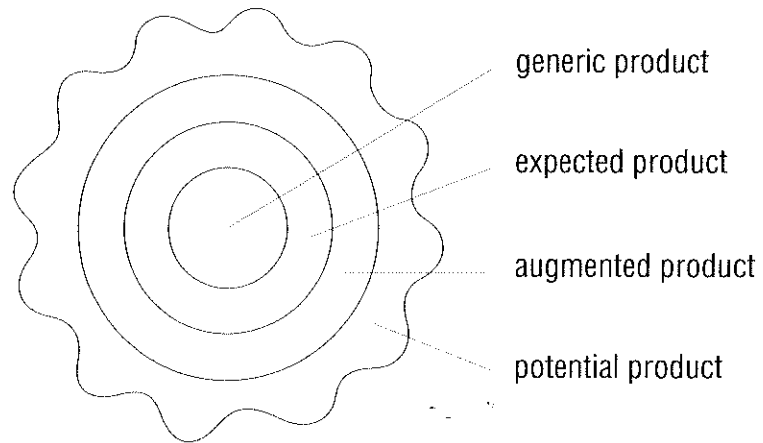
■ Form a joint task force with representatives from your top suppliers. Work at partnership building. Have each partner take as the goal, not the greatest profit for his own company, but maximizing profit for the team.

Proposition 15. Service is about TPT — total product transformation.

Sustainable competitive advantage comes from concentrating, not on the generic commodity, but on potential service enhancements. Remember the Chevron service station, which has transformed its business from the mundane (pumping

gas) to the extraordinary (coffee, newspaper, clean windshields and ashtrays, and uniformed service people). According to Harvard Business School professor Ted Levitt's diagram, winners "work the outer circles."

Levitt's Total Product Concept



■ Tom Peters describes the enhancements added to the basic vanilla product or service as "hooks" to catch the customer. How many new "hooks" have you added in the last six months? How many are planned for the next six months? What could you do to speed up the process? Where will you go for ideas?

■ Take a basic product or service, and list your enhancements. Then list the enhancements for your one or two top competitors. Compare the lists and use them as a basis for brainstorming new "hooks" to add in the next 90 days.

■ "Hang out" with customers and informally ask them what you could add or improve that would really turn them on.

Proposition 16. Service is about guts, and the possibility of a bold guarantee.

An unconditional, no fine print, money-back guarantee may be an old-fashioned idea, but it's a powerful statement of your service strategy — and it forces the whole firm to pay attention to the customer's needs. Companies like retailer Nordstrom and L. L. Bean & Company, the mail order firm, have won hundreds of thousands of loyal customers with their no problems, no questions money-back guarantees. Bold guarantees set clear standards, generate lots of feedback, focus everyone's attention on the customer and force organizations to understand why they failed.

■ Review your own experiences as a customer. Think of a time when you had a problem with a product or service

and how the supplier responded. Was there one particular time when the supplier took extraordinary action to stand behind the product or service? What did this bold gesture mean to you as a customer? What qualities make a guarantee a powerful statement of service?

■ Does your organization offer a bold guarantee? Under what conditions can your customers get their money back? Have you made it easier to switch (to a competitor) than fight (to get your money back)? Remember the "Bugs" Burger Bug Killer bold guarantee covering costs, replacements, lost business, fines. Do you stand behind your products and services so boldly?

Proposition 17. Service, responsiveness, value added and the customization of everything are the chief bases for future competitiveness, especially for manufacturers.

According to Northwestern University marketing professor Phil Kotler, there is no such thing as a mature market any more. Every product, every service, is constantly in the process of being reinvented

with enhancements, customization and value-added, especially, thanks to the computer, with intelligence-added. By 1990, the average car will have more on-board computer power than the Apollo moon landing vehicle.

■ Look at your list of enhancements from Proposition 15 above once again. Take them one step further. Remember the Ambiance 2500, the so-called bathtub with video surveillance, remote control of five appliances, intercom, phone system, stereo, not to mention programmed auto-fill. Think big, and think intelligence-added.

Proposition 18. Service is free, and the revolution can start today.

Service is a matter of attitude, of treating your people and your customers well. Barry Gibbons, chairman of Burger King Corporation, now owned by Grand Metropolitan PLC, says that the parent company spent £1.5 million a week for the last 18 months upgrading its 2,000 pubs and restaurants in the U.K. without achieving any competitive advantage. "The only thing that matters," says Gibbons, "is getting people to treat customers well."

■ What is it like to shop in your store or eat at your restaurant or order your service? Is it OK, pleasant or fun? Are your customers comfortable or enthusiastic? What's missing in the service experience?

■ Once again, listen. Ask your customers "what if..." Better yet, get out and visit your customers on their home turf, take a hard look at how they're using your products and services, and ask for their wish lists. Keep your eyes and ears open, and take notes.

■ What would it take to make doing business with your organization a delight? Again, use your own experience as a customer as a guide, and list the qualities that can make shopping and buying fun for you.

■ Visit an outstanding retailer in your area. Note all the details of attitude that make the experience of shopping there enjoyable. Then, make an appointment to go behind the scenes. Find out what management is doing to make the front line a top-flight team. Is it training? Celebrations? Incentives and bonuses? Note the little signs of respect and appreciation that management gives the front line. How could you put these winning tactics to work in your organization?

Proposition 19. Service is expensive, requires huge investments, and if you don't bet the company on it, there may be no company left to bet within five years.

You can't achieve a wholesale service orientation without serious investments — in hardware, software and above all in people. In other words, you have to put your money where your mouth is. Companies like McKesson, GE Plastics, PPG Coatings & Resins and Rosenbluth Travel have invested hundreds of millions of dollars in information technology that makes customers' lives easier and more profitable. And leaders like Motorola, Stew Leonard's dairy and Johnsonville Foods have invested lavishly in training and education for all employees. Both investments are necessary; both pay off handsomely.

■ In your own organization, where are you investing your money? Do your investments demonstrate your commitment to service? What about your competitors? Are they beating you in investments in service?

■ If you don't have control over the organizational budget, start with the most serious investment you can make — your time. Be tough and quantitative. Set aside 50 percent of your time to invest in customers. Then spell out what projects, events and actions will embody your commitment, and again, set quantitative goals. Say 20 percent on customer listening, 20 percent on supporting the front line, and 10 percent on special projects.

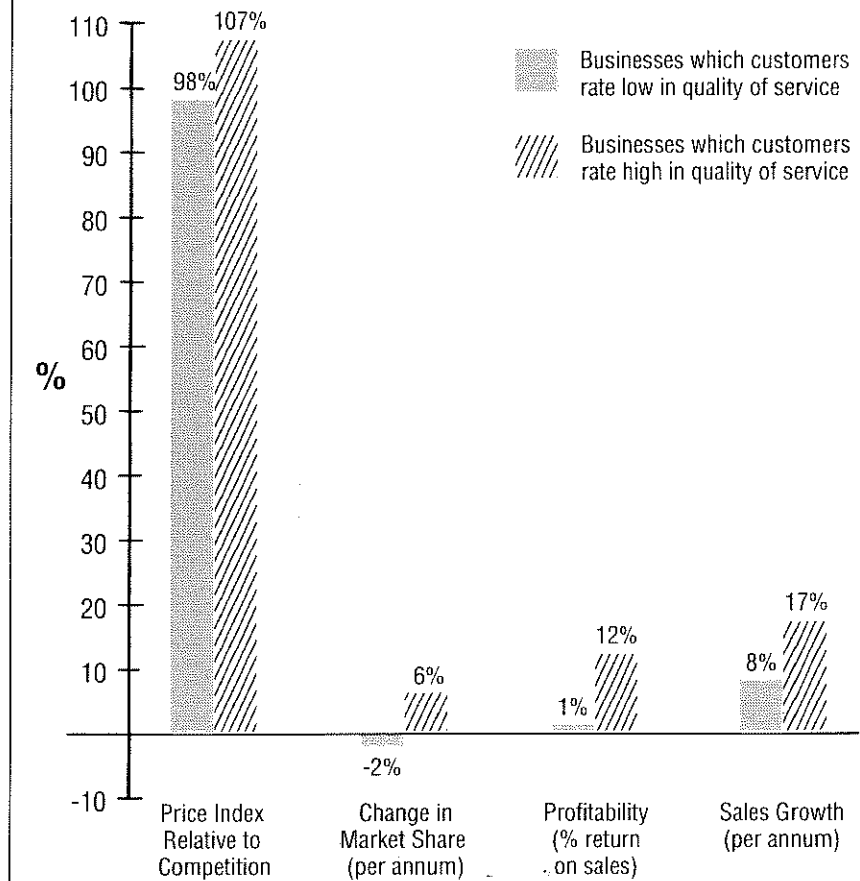
Proposition 20. Service pays.

By the numbers, superior customer service is the only profitable strategy, according to the Strategic Planning Institute (SPI) of Cambridge, Massachusetts. SPI maintains the most extensive database on business performance in the world, called PIMS (Profit Impact of Market Strategy). One study evaluated profitability and growth as a function of custom-

ers' perception of service. The companies that deliver above average service in their customers' eyes, charge 9 percent more, grow twice as fast and their return on sales averages 12 percent. The below average crowd lose market share at about 2 percent yearly and their return on sales is about 1 percent.

Benefits of High Quality Service

Source: PIMS Data Base



■ Would your customers rate you above average or below average in service? What have you done (or not done) to earn that reputation? What can you do to improve it?

■ According to the PIMS people, service pays off for the organization. But does it pay off for the service deliverers? Are you making sure that service pays for your people? Do you celebrate your service "heroes"? Do you tie raises, bonuses, etc. to service (not seniority)?

Working the Outer Circles

Ted Levitt's Total Product Concept demonstrates how success is the product of working the outer circles. Take, for example, the Ambiance 2500, American Standard's top-of-the-line bathtub. The generic product is a watertight container with faucets and a drain in expected colors, size and materials. At the augmented level, the Ambiance 2500 has computer controls for automatic fill and preset temperature and level. At the potential level, this "bathtub" has an intercom, telephone, sound system and remote control of up to five other appliances.

Use the chart below as a basis for examining your organization as a whole (or one product or service), working up through the generic, expected and augmented to the potential. Come up with as many enhancements (or differentiators) as you can. Jot down the small things that could enhance your product and, taken together, could transform your business.

