

THE RETENTION OF THE CUSTOMER

The retention of good customers is the number one priority

Every business, large and small, depends on customers for its livelihood.

Surprisingly, a great many businesses fail to honour this common-sense principle. Excellence in customer service is the single most important element in determining your company's future success or failure. Regardless of the product or service your organisation provides, you are in the business of serving customers. The customer decides if you stay in business!

All the business books tell you that great business/entrepreneur success is about attitude, persistence, motivation, never giving up and many more excellent ways. This is all very important information, but most of the time they are missing the point on one single area!

Great business success is actually about one fundamental skill. It doesn't sound a very exciting skill so the business motivators do not talk about it much. But when you master it, you will become wealthy. Simple as that.

The skill is getting and keeping customers.

If you want to be five times more successful than you are now - you need five times more of the right customers.

How do you make this happen?

The key is to become obsessive about +learning how to get those customers -because there is an art and a skill to acquiring customers and keeping them. The truth is, most Entrepreneurs cannot be bothered to work out how to do it. `Managing for Customer Care` is an excellent business model based on skills and experience on this subject, check out www.cavendish-mr.org for comprehensive details for getting and keeping customers for life!

The CEO must transmit three essential principles to all employees:

- Every function of the company must look at the business through the eyes of the customer.
- Each person in the company must add value on top of the product.
- The customer, not the company, determines value.

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Building Customer Loyalty

All too often, companies focus their energies on going after customers and too little effort into building a solid customer base. This short-term strategy usually ends up backfiring on the bottom line.

Successful companies focus "outside-in" (looking through the customers' eyes), not "inside-out" (looking through your own eyes). They maintain an "outside-in" focus through the following techniques:

Model the behaviour. Create an environment where employees can make decisions at the tactical level. Leaders need to model the behaviour they want employees to exhibit, not the "do as I say, not as I do" model.

Know your customer. Allocate time to go out and meet with customers and suppliers.

Manage out, not up. If an employee's orientation is to please the boss, he or she won't focus on pleasing the customer.

Put customer service first at your management meetings. If you always ask questions about cost cutting or meeting the budget, your management team will focus on these issues, not customers.

The first question every customer asks (or thinks) is: "What's in it for me?" To keep the focus where it belongs, I offer these recommendations:

Guarantee your products and services. Stand behind everything you do or make. Otherwise, what possible reason can anyone have to buy from you?

Make on-the-spot decisions. No one wants to hear, "Let me check with..." or "I'll have to get back to you." A customer who comes to you with a problem/issue and gets an immediate decision will - more often than not - walk away satisfied.

Keep your promises. If you promise what you do, do what you promise! In an attempt to outdo the competition, you may be occasionally tempted to over-promise delivery of goods or services. Don't do it! Make promises you know you can keep. Customers appreciate it.

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Measuring Customer Satisfaction

Most businesses measure success by such typical key indicators as profit margin, sales and accounts receivable. These indicators measure what's in it for the business. The real challenge lies in measuring what's in it for the customer.

In addition to the most obvious measurements (referrals generated from current customers, level of repeat business from current customers, rate of customer complaints), `future customer-focused key indicators`:

Time to answer inquiry. Business studies show that a customer lead loses one percent of its potency for each day it remains unanswered or unfulfilled. Responding quicker than your competitors translate into a clear advantage.

On-time delivery. If your product doesn't get to the customer when he or she needs it, the value of that product is diminished severely. Promising a specific delivery date and not sticking to it lends the perception that your company is incompetent.

Error rate. How many mistakes are made when entering customer orders into your computer tracking system? These errors often translate into wrong products being delivered and/or increased delivery time.

The 80/20 rule. In most businesses, 80 percent of profits comes from 20 percent of customers. At a minimum, companies should track their top 20 percent of sales to see if they're growing, staying flat or on the decline.

Establish benchmarks that assess quality on a continual basis. Measure key indicators in small increments that can be tracked quickly and efficiently. This may seem like a time consuming approach, but it's far preferable to waiting until the end of the fiscal year to assess the quality of your goods or services.

"Moments of Truth"

Whenever a customer comes into contact with any facet of your business, it's an opportunity to form an impression. These "moments of truth" can make or break your company.

Your employees' first responsibility is making customers feel special. A customer-focused company recognises that it's not in business to deliver a product or service, but to enable people to reap the benefits of that product or service.

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Customers have certain expectations. Moments of truth are inextricably linked to these expectations. They include:

Ambience. Customers expect to find clean, comfortable and attractive surroundings. They expect to be greeted warmly by well-groomed, professional-looking employees.

Quality. Customers expect quality in every part of your business, from the way your staff treat them to the product itself.

Solutions. You're expected to stand behind the product you sell, to be an expert in this area. Your customers will have questions. You should have answers.

Reliability. The customer expects your product or service to be reliable and dependable. A sense of confidence grows out of this expectation and can lead to much future business.

Each business has only a finite number of opportunities to both meet and exceed customer expectations. The key is identifying these moments as the customer sees them, not as you do. If you're successful, you can win customer loyalty for life.

The Value of Service

Successful businesses recognise that service itself is a product, a product that's sold every time the customer has contact with the organisation. Service:

- Must be produced upon demand
- Can't be "recalled" like a malfunctioning appliance (you can apologise for bad service, but by then the damage may already be done).
- Is experienced by the customer at the moment it's delivered (there's no opportunity to take a "time out" and consult with management)

Providing value not only serves the customer, it benefits the organisation as well. These benefits include:

Greater efficiency. Focusing on areas that directly affect customer satisfaction requires businesses to use their resources more efficiently.

Cost effectiveness. According to statistics, the cost of gaining a new customer is roughly five times more than the cost of keeping one. With a mere five percent rise in customer retention, a company's profitability can jump by 25 percent or more.

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Increased morale. When the CEO, senior management, mid-level management and front-line staff are "in sync" on the importance of customer service, everyone shares a common purpose and goal. The result: enhanced employee morale and satisfaction.

In any industry where two or more businesses sell the same goods or services, success is ultimately measured by how well the customer is treated, not only at the time of sale, but afterward as well. Your business can offer great customer service after the sale by:

Helping with problems/issues, not evading them. When a customer comes with a problem to your front-line staff, they should never be passed to another employee. Customers don't want to hear, "That's not my job."

Never being too busy to help. Never let your customers feel like they are intruding on staff. Your employees' primary job duty is providing outstanding service to customers.

Letting the customer teach you about your business. Customers are the ultimate goal of all of your advertising, distribution, and pricing, marketing and sales efforts. What they say about your business reflects how well your achieving what you set out to do.

Employees: Your Internal Customers

How many companies overlook the need to develop good internal customer service, the care and nurturing of first-rate employees who are hired to do whatever it takes to get and keep a customer's business?

Most companies today simply don't invest time up front understanding what type of people thrive in their corporate cultures and what they need to take good care of customers. I offer these recommendations to facilitate the hiring process:

Hiring the right employee is only the first step. What happens during orientation and training is equally important. Companies that deliver world-class service have a formal orientation program, a comprehensive employee handbook and numerous ways to introduce a new employee to the company's culture.

In these organisations, company standards are clearly articulated. Employees know what is expected of them. Experienced staff members share their knowledge about implementing these standards in daily business life.

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Through training and everyday work, the employee focus should be on customer service. Constantly ask yourself and your staff: What have we created of value today? What can we do better than yesterday?

CEOs and senior management can encourage customer focus by:

Paying attention to culture. Encourage staff to look at other companies' cultures. The more you get people talking about customer issues, the more you get problems/issues out into the open and start making improvements.

Making experts of your staff. Invest more in training and information. Build a company library. Make educational books and tapes available to everyone. The more you invest in your employees, the more loyalty you get.

Customer Service Makes the Difference

Product quality no longer guarantees a competitive advantage. Today, it's a commodity; the customer expects it. You have to find a way to differentiate yourself from the competition.

Businesses are increasingly finding that employees can be that competitive advantage. The key is hiring employees with the skills to deliver outstanding service.

Outstanding service requires:

A sincere commitment to serve all customers at the highest possible level every time

Clearly articulated policies about how customers should be serviced, as well as a system of accountability for enforcing these policies

A culture that requires serving customers consistently in a manner that not only meets their expectations, but often exceeds them.

Achieving outstanding customer service is what sets your business apart and keeps customers coming back again and again.

What Do Your Customers Think?

Offering quality service to customers isn't a mysterious process. Customers who interact with your organisation every day are the ideal source for the feedback you need.

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Your internal records may suggest you're doing a great job, but the only voices worth listening to belong to your customers. Find out what they want, provide it to them on a consistent basis and ask them how well you're doing.

"Listen and learn" sources include:

Customers. For many businesses, the person who purchases your product isn't necessarily the one who uses it. To get a clear picture, always be sure to talk to the end-user.

Sales representatives. Often, sales reps are the eyes and ears of an organisation. Based on their firsthand contact with customers, they are certain to have valuable insights for the business.

Ex-customers. Track down former customers and find out why they no longer do business with you. This can also be a valuable source of information.

Surveys are an effective way to gauge customer satisfaction. They can also measure the importance customer's place on specific characteristics of these goods, which in turn offers additional information on where to focus your customer-retention efforts.

Because of their give-and-take format, focus groups can generate better information about customer satisfaction. They allow businesses to probe beneath the surface and get a clearer understanding of why customers perceive the organisation the way they do.

Also encourage management and front-line staff to take a comprehensive approach to gathering feedback. Instances include:

Point of purchase. When the actual transaction is taking place, ask the customer: "Was everything to your satisfaction?" Better yet, ask: "Was everything perfect?"

Order forms. Include a "comments" section on your order forms, making it easy for customers to provide feedback. Try this on your invoices as well.

Call free. For customers living and working beyond local area codes, install a call-free telephone number they can call with their comments and complaints. Encourage use of this call-free phone option in your mailings and handouts.

Voice mail. Install a dedicated "customer feedback hotline." Let your customers know that all messages on this hotline will be heard or read by senior management and by all employees with direct customer contact.

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Turning Complaints into Devotion

Statistics report an average customer with an unresolved complaint tells nine to 10 people about the experience; 13 percent tell more than 20 people. And for each unhappy customer heard from, the average business has 26 others it never hears from.

Complaints should be viewed as opportunities, a chance to learn what customers don't like about your products or services, and what can be done to make things better. I recommend these customer retention tips for coping with unhappy customers:

Reward the customer. The first thing to say in response to an angry customer: "Thank you for bringing this problem to my attention." This "rewards" the customer for taking the time to contact you in the first place.

Stay calm. Remember that you're here to serve the customer. This is your chance to show what you can do!

Listen. Pay close attention to the customer's complaint. He'll/she'll be able to tell, even through his/her irritation, that you care about his/her complaint and that you value his/her business.

A prompt response is by far the most effective way to neutralise customer complaints. Whatever the situation, make sure it's taken care of. Nothing kills customer loyalty faster than not following through on problem resolution.

The Customers Who Got Away

Businesses have a choice when it comes to selecting their customers. Not all customers are a good "fit" for your business. Nevertheless, you should be very careful about whom you let go and whom you hang onto.

Only the CEO and/or senior management should "fire" a customer. This customer should only be let go for "just cause", either because the customer has become unprofitable or because he's asked your company to do something immoral, unethical or illegal.

Some customer defections are inevitable. Still, thriving businesses should have a strategy in place to make the most of these defections.

If customers are defecting in significant numbers, first consult your front-line staff. They know how people feel about the company and can, if properly trained, observe what's going on around them, as well as offer keen insights and possible solutions.

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Figure out why the customer has stopped doing business with you. Be open to feedback about your company. Seek concrete, specific information that will lead to genuine product or service improvements.

When customers say, "I'll never do business with you again," what they're really saying is that you have to earn back their business. Given enough time and energy, you can do it.

If you want to survive in business, follow my shared recommendations and your Customers are for life.

Let us remember we are only in business because our customers allow us to be!



About the Author Colin Thompson

Colin Thompson is a former Colin is a former successful Managing Director of Transactional/Print Manufacturing Plants, Document Management/Workflow Solutions companies and other organisations, former Group Chairman of the Academy for Chief Executives, Non-Executive Director, Mentor – RFU Leadership Academy, Mentor - Coventry University, Mentor - The Chartered Institute of Personnel and Development, helping companies raise their `bottom-line` and `increase cash flow`. Plus, helping individuals to be successful in business and life in general. Author of several publications, research reports, guides, business and educational models on CD-ROM/Software/PDF and over 1000 articles published on business and educational subjects worldwide. Plus, International Speaker/Visiting University Professor.

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