



THE GOLD STANDARD OF CUSTOMER RELATIONS

Understanding Customer Relations

WHY CUSTOMER RELATIONS?

The Gold Standard of Customer Relations provides a research-based approach to employee preparation in customer relations. This introduction provides an overview of the research behind the curriculum along with reasons this curriculum works when others may fail.

Why do customers leave one business for another? In his book *How to Win Customers and Keep Them for Life*, Dr. Michael LeBoeuf reports the following reasons businesses lose customers:

- 3% of customers move away
- 5% develop other relationships
- 9% leave because the competition provides something they seek that you do not carry
- 14% are dissatisfied with the product
- 68% quit because of an attitude of indifference or rudeness toward the customer by the owner, manager, or employee

That is, fully two-thirds of customers who no longer patronize a business leave for reasons that could be controlled by a well-trained manager and staff. This is an important point for all business owners to consider. Regardless of what product or service you provide, the customer is the one who pays for the goods and ultimately determines the success of the business. If customers perceive value, they will return and encourage others to support the business, as well.

Many businesses assume that they and their employees already know how to deliver “good enough” customer service. This attitude assumes that customers are in the store seeking a product and nothing more. However, research does not back up this assumption. While most customers enter a business looking for a particular item, the quality of their experience during the transaction determines if they will return. The actions of every employee who interacts with a customer leaves an impression of that business. The impression of employees—the receptionist, the salesperson, but also those behind the scenes—can be more important than the merchandise for customer retention.

For the customer, the purchase also has a psychological meaning. For example, a new car is more than a way to get to work or to the grocery store. It is more than mileage, color, or a monthly payment amount. No matter what kind of car the customer purchases, it also means status, a sense of power, and even a sense of self-worth. Customers who buy a Smart Car may be saying, “I care about the environment.” Customers who purchase a Jeep may be saying, “I am an adventurous, outdoor person.” And, customers who buy a Lexus might be saying, “I have status and money.” Employees who understand the psychological experience of a purchase and listen to their customers will influence those customers to return for future purchases.

Think about your own experiences as a customer. You have most likely experienced both outstanding and less than outstanding customer service. According to statistics from the American



Management Association, when people have a bad experience they tell an average of 14–20 people, but when they have a good experience they only tell an average of 5–7 people. In any community, this kind of “word of mouth” can be devastating to a business. In fact, when a business delivers poor service, they must work twice as hard to repair the damage done by even one negative experience.

When businesses hire an employee, they may assume that anyone can deliver customer service. Unfortunately, the research on customer service does not back up this assumption: the kind of customer service that brings customers back again and again does not just happen. It takes forethought, planning, and training on the part of the business owner to establish a program of customer service that not only keeps customers happy, but makes them the best marketing tool for the business. Ultimately, success depends on focusing every employee, including the owner, on creating and keeping customers.

WHAT ARE CUSTOMER RELATIONS?

Customer service has its roots in the 1950s, when organizations began to realize that customers were not an inconvenience to a business but vital to the success of their business. Customers drive businesses; they determine product or service lines, business hours, and even business location. One of the earliest understandings of customer service was written in a 1952 General Electric report, where management stated that marketing is the activity that helps the company understand and service the customer, and that marketing should drive company behavior.

The focus of the majority of customer service literature centers on front line employees. How can employees who interact with customers be more effective in meeting the needs of the customers? From that viewpoint, typical topics of customer service workshops and literature include: effective listening skills, accountability, professionalism and conflict/anger management.

However, as we tested various workshop presentations, it became clear that businesses were searching for more than the basics. Their customers were more than just customers—they were their neighbors, families and friends.

Delivering exceptional customer service takes much more than the basics. Delivering exceptional service means treating your customer as you would like to be treated.

Customer service is the provision of service to customers before, during and after a purchase. Customer relations is the process of building a strong relationship between a business and its customers and potential customers. This curriculum covers how to develop exceptional customer relations.

Research by Chip R. Bell demonstrated that relationships are the building blocks of customer loyalty, and that successful businesses create these sustaining personal bonds with each and every customer. The six keys or attributes presented in the curriculum (generosity, trust, vision, truth, balance and grace) are patterned after the qualities that Bell cites in his book, *Customers as Partners*.

With the close ties common in small communities, one might think that building customer relationships would be intuitive. However, we found that this was not the case. Customer partnerships



take more effort, but are more economically rewarding, can endure more mistakes, and produce more intrinsic rewards than traditional provider-to-customer encounters.

While this curriculum focuses on creating meaningful customer relationships, it is important to note that not all customers want to participate in customer partnerships. Some customers enjoy privacy and aloofness, while others may desire the “serve me” relationship. Customer relations are an art rather than a science. Business owners and employees must rely on their instincts as they get to know their customers.

At the core of customer relations are expectations. Every customer has expectations when they enter a place of business. It makes no difference whether the customer enters via the front door, by telephone, email or even “back door customers.” Each customer wants to be treated as a person—a special person.