Building Anticipation *Into* Your Products and Services

Putting Processes to Work for You

Has Starbucks CEO Howard Schultz read *Catch-22*? Probably. What seems less likely is that Mr. Schultz has ever signed up for his own in-store Internet service.

Micah explains:

> I had some work to do while out of town, so I headed to Starbucks to try their new free WiFi.
>
> First step: I had to get a Starbucks card in order to sign up for free Internet. Okay, I guess. I purchased the card and filled in all of my personal information via my laptop. But then I got a message from AT&T/Starbucks Internet telling me to check my email account for an access verification code so I could complete the login process and begin using my new Internet account.
>
> Of course, I didn't *have* email access. *That's* why I bought the card and went through the sign-up process in the

first place. So in effect this message was telling me to drive home, check my email, click a link to get an access code, and then drive back to Starbucks.

We find a lot to admire in Howard Schultz. (One example: He's made it his personal mission to provide health-care benefits even to part-time workers.) But in this particular case, his company overlooked the following straightforward principle: *A business needs to think like a customer.* It needs to put in place processes that will mercilessly search and destroy anything that might inconvenience or disgruntle a customer. It must systematically incorporate procedures and build in product features that improve the customer's experience.

Let's look at how you go about this.

Get Your Company to Think Like a Customer

As a company, how do you learn what your customers are likely to appreciate—even before they arrive? You can start by making it clear throughout your company that it's your *goal* to learn. Then you can work with your employees to think systematically about particular groups of customers and what they are likely to want or need.

For example: Consider the plight of someone eating alone at a restaurant. Surrounded by chatty couples, groups, and families, the lone diner can feel socially awkward and a bit, well, lonely. Time passes more slowly. Food seems to take longer to arrive. What might make things less stressful for a guest in this situation?

Well, one thing you may notice is that those dining alone often bring, or hungrily grab, any available reading material. Bill Bryson recalls getting to the point of ''reading restaurant placemats, then turning them over to see if there was anything on the back.''[1]

Therefore, a thoughtful restaurant might establish as procedure to offer a choice of reading material, perhaps a newspaper or newsmaga-

zine, to everyone who comes in to eat alone. That's a simple, considerate service rule that everybody on staff can implement.

Here are a few other examples of how you can anticipate customers' wishes with simple, thoughtful procedures:

▶ It's the middle of summer, and the customers who are entering your Atlanta boutique are escaping 95-degree heat. What would such customers likely want? Wouldn't they be pleased to find ice water with lemon slices on the counter when they walk in the door? You can easily establish this procedure as part of a daily weather-dependent setup.

▶ Do you know those signs that read, "If this restroom needs attention, please let us know" or, worse, the ones you see on airplanes that say, "It is not possible to clean up after every customer" and go on to suggest you sop up the basin with a hand towel as a courtesy to the next customer? The best procedural approach to restroom cleanliness probably isn't to install similar signs that put the onus on your customers for maintaining a clean facility. Here's a unique solution (in an admittedly rarefied setting): The staff at Charlie Trotter's famed restaurant in Chicago decided the only way to ensure its restrooms met the restaurant's standards, rather than leaving the next guest's experience at the whim of the last, was to *themselves* discreetly check the towels and soaps after every use.[2] (We don't necessarily recommend this extreme approach for you, except as a thought exercise; it's obviously a nonstarter if you run a crowded pub, for example. However, another proactive procedural approach—perhaps an attendant on busy nights—may be worth considering in such a situation.)

▶ What if you are on Taco Bell's executive team? Although your company's roots are So-Cal, if you're thinking like a customer, you'd fit watertight overhangs over your drive-through windows in most other locales. Customers in Sacramento might not care, but in Seattle don't you think they would prefer to skip the side order of soggy elbow and damp power window electronics?

It's important to build in mechanisms to ensure that company employees are frequenting your own physical and online facilities, because nothing is quite like the feedback you get this way. (By the way, if "company employees" currently means just yourself, still do your best to sample your own wares objectively, although achieving the anonymity we recommend below will be a stretch.)

We've all been to places where it seems no employee has ever eaten the food, attempted to reach the ill-placed toilet paper dispenser in the customer washroom, or noticed the way that items you're trying to purchase seem to vanish from the website's shopping cart. To avoid being one of these companies, *institutionalize* the internal, systematic use and testing of your own services or products. Offer deep discounts or comps for employee purchases, but with a string attached: If employees use your services, they must take detailed notes and—if this is realistic—remain anonymous, so they experience the same service other guests would.

Building procedural anticipation requires ongoing, daily effort. It requires managerial vision, judgment, and persistence. But it brings you closer to achieving customer loyalty.

Mr. BIV and the Art of Eliminating Defects

Sometimes problems *have* come up before and *have* been noticed by employees but are still hanging around. May we introduce you to Mr. BIV? When he's in charge, nothing ever changes.

Mr. BIV is a playful acronym coined by the group Leonardo worked with at The Ritz-Carlton. Addressing Mr. BIV helped them win two Malcolm Baldrige National Quality Awards. It remains one of the most useful—and easy to implement—quality improvement systems we've seen.

Mr. BIV is a streamlined, simplified, and easy-to-teach way to look for defects and defective situations; it can be adopted throughout an entire organization without requiring significant additional training. It stands for:

*M*istakes
*R*ework
*B*reakdowns
*I*nefficiencies
*V*ariation in work processes

Any employee, at any level of your organization, not only *may* but *must* alert the appropriate person to a Mr. BIV situation at once so it can be addressed right away. When Mr. BIV is encountered, it helps to ask "Why" as many as five times to reach the root cause rather than merely the symptom. For example:

Problem: Late room service
WHY? Waiters stuck waiting for elevator
WHY? Elevator monopolized by housemen
WHY? Housemen searching for/storing/hoarding linens
WHY? Shortage of linens
WHY? Inventory of linens only sufficient for 80 percent occupancy

You can deputize every employee as an "improvement manager" who is responsible for helping to implement the Mr. BIV system.

Mr. BIV represents a concise example of a *Continuous Improvement System*. The Continuous Improvement paradigm was developed in manufacturing industries, so, unfortunately, service, white collar, and "creative" professionals often make a knee-jerk assumption that it is not relevant to what they do. This is their great loss—and their customers', too. It doesn't really matter whether your product is electrical insulation, freelance editing, or wedding photography: You will only be able to *consistently* deliver a superb product when you have an effective system for monitoring and improving the product. That is why it would be hard to overstate the value of applying continuous improvement to the service aspects of your organization. It can close the competitiveness gap for a latecomer to a service industry or widen the distance between a standout service leader and the also-rans.

It's powerful stuff.

Don't Kill Mr. BIV's Messengers

Never attack employees for the problems that your Continuous Improvement System reveals. You need employees who are not scared or cynical: employees who are open about revealing defects. *A defect that happens twice should be assumed to be the fault of the process; the cure is in fixing the process.* If you attack your employees, they'll never help you find a recurring problem, and you won't have an early chance to fix the underlying defective process.

Eliminating Defects by Reducing Handoffs: Learning from Lexus

Leonardo recounts the story of how Toyota, with the assistance of Horst Schulze and other customer experience experts from varied disciplines, created the Lexus brand with the explicit goal of providing both an exceptional product and exceptional service interactions. Exceptional service was Lexus's best hope to build customer loyalty in an industry where loyalty traditionally comes only after multiple car purchases. (Only after you yourself had purchased a series of reasonably reliable Mercedes over more than a decade—typically three cars in a row—or, if it were a "family tradition" to own Mercedes—your grandfather drove a Mercedes, your father drove a Mercedes—could it be expected that your *future* purchases would be Mercedes. Toyota had no intention of waiting so long for its first crop of loyal Lexus customers.)

Lexus's final plan incorporated features we've addressed in earlier chapters, including greeting customers respectfully by name and unobtrusively logging and respecting individual customer preferences. But in addition, the company zeroed in on a strategy that we haven't discussed yet: reducing service defects through the minimization of "handoffs" between service providers.

In many contexts, lapses in service are most likely to occur

when you are handing a customer over from one function, agent, or division to another. Have you ever had to re-explain yourself from the ground up when a phone service representative forwarded you to Technical Support? Whenever you transfer someone on the phone from one person to the next, there's a possibility of dropping the ball—of losing the phone connection or of failing to convey the information or the tenor of the situation along with the actual transfer. (Whenever an insurance salesperson hands the customer to the production department for service, that's where a problem is likely to happen. After a design client meets with the creative director, and the creative director then tries to convey the client information to the designer actually doing the job, that's where the ball is in danger of falling to the ground.)

This brings us to what a car customer typically experiences: You bring your car for service to a service department. There is a *person at the door* who greets you and takes you to the *service advisor*. The service advisor writes up what's wrong and calls the *mechanic*. The mechanic takes the car away. At the end, when it's time to pay the bill, the service advisor reappears, gives you the bill, and you have to go and deal with a disconnected, bored *cashier*, who is probably not focusing on you, not living up to service standards that match the car this same dealer sold you, and not capable of explaining what the strangely coded charges were for, because she wasn't even aware of your existence until this very moment.

Imagine instead that a single superbly trained service advisor, *Sharon*, takes care of you from the moment you enter the premises until the moment you leave the premises. *Sharon* greets you. *Sharon* writes up your service ticket. *Sharon* summarizes your complaint to the mechanic. *Sharon* alerts you when the car is ready. *Sharon* presents you with the bill, and *Sharon* accepts your payment. Lexus settled on this as their ideal approach, to be used to a greater or lesser extent depending on the size and other realities of a specific dealership.

Systematically Reducing Waste to Add Value—for You *and* Your Customers

Since we are fully committed *service* obsessives, you may be surprised at the extent to which we are fans of the best available *manufacturing*-based systems and controls. We've benchmarked and adopted approaches from companies as far-flung as Xerox, FedEx, and Milliken. And over and over, we've found insight in such manufacturing-centered systems as Lean Manufacturing and Total Quality Management.

For right-brain, high-touch service types, this probably sounds kind of like being forced to do homework. Yeah, it is kind of like that. And it's worth it.

These systems share the insight that *a company can increase its value by continually locating and trimming waste*. If applied appropriately, this emphasis can strengthen a service-centered company as much as it can a manufacturing concern. For example, we can speed up service response times by removing wasted time and motion; improve the variety of our offerings by having appropriately scaled processing equipment located throughout our facility; and enhance morale and profitability by reducing the time our staff spends waiting around. These examples, you may recognize, represent three of the seven classic ''wastes'' identified by Taiichi Ohno, father of the Toyota Production System, (the direct forerunner of today's Lean Manufacturing methodology):

- ► Unnecessary transport

- ► Excess inventory

- ► Excess and non-ergonomic motion

- ► Waiting

- ► Overproduction/ production ahead of demand

- ► Inappropriate processing

- ► Defects

Why Benchmark *Manufacturing* Companies?

To optimize efficiency, reliability, and delivery, we recommend you benchmark the wizards of manufacturing. Their successes come from the best kind of hard, scientific data, so learning from them can really tighten up your service ship. Concepts like *error-tolerant design* (for example, a door that won't let you lock yourself out accidentally), *behavior-shaping constraints* (e.g., a transmission that needs to be in "Park" before the key can be removed), and many other well-established concepts in manufacturing can bring advantages to your customers and your company, when applied appropriately in a service context.

To understand the value of applying manufacturing knowledge in a service context: Suppose you're planning a tapas bar in an exurb of Phoenix. You got the idea from your friend Joe, who developed the wildly successful *TapasTree* restaurant in Tucson. Joe got into the restaurant business to support his art collecting habits. Joe's been a kind of genius at creating an appealing, laid-back, artsy vibe in TapasTree's dining room. His approach is to think of dining out as an aesthetic experience, much like visiting an art museum or going to a gallery opening. Joe has taken that idea to its logical limits, by making his restaurant a "living gallery." Each seating enclave is in fact a unique sculptural ensemble, one that makes diners feel like they've been transported into a world where form and style transcend workaday concerns. And, wonderfully, the enclaves can be reconfigured in a matter of hours by a couple of waiters; the dining room's layout changes in marvelous ways from month to month.

This unique aesthetic really pulled people in. It gave Joe a huge head start in a low-margin business. Since his initial success, Joe has implemented a dozen other food-as-art insights in his restaurant, each of them capitalizing on his background as an art historian and connoisseur. After a year of rave reviews and paying off his initial debts, he's beginning to plan new locations.

In such a situation we'd certainly encourage you to explore whether aspects of Joe's success can be adapted if you're starting your own business—especially since Joe seems eager to be a model for you. But don't let him overreach his expertise. For example, we'd bet long odds that Joe hasn't mapped out an optimal kitchen workflow. And he has almost certainly missed some key inefficiencies that plague his supplier processes, among many others.

Of course, he doesn't realize he's wasteful in these areas; he figures his systems are optimized, battle-tested, the only way to go. (They are, after all, the only way he knows.) The bottom line? There's a lot to be learned studying the workflow ideas of the folks at Toyota, Cisco, or FedEx. Those are the go-to guys for streamlining and standardizing your behind-the-scenes operations—you might call them the professors of efficient and consistent outcomes. Joe's advice in these areas, on the other hand, may need to be taken with a big grain of *sal de mesa*.

Why Efficient Processes Can Transform Service

We understand why service-focused teams tend to be skeptical about the relevance of systems like Lean Manufacturing. After all, to stand out and inspire confidence, we strive to anticipate—to meet customers' needs *ahead* of time—because "just in time" can mean too darn late. We insist on keeping "excess" inventory, because it means we can maintain our high service standards ("*Absolutely, we've got that*") even when unexpected demand occurs. We even encourage our employees to make "repetitive" motions on behalf of customers ("*Let me call the vendor again for you in an hour*") precisely because willingness to be inefficient on their behalf is read by our customers as *caring*. More generally, we often need our employees to be "inefficient" in their caring for customers, because it enhances the customer's valuation of us.

Borrowing from Xerox

Years ago, we adopted a continuous improvement/problem-solving method that Xerox taught us when we were benchmarking them. The Xerox method is useful, especially in a team setting, when searching for solutions to wasteful situations and other business problems. It has just six parts. (Repeat if necessary until no longer needed.)

Step 1: Identify and select the problem to be worked on

Step 2: Analyze the problem

Step 3: Generate potential solutions

Step 4: Select and plan the best solution

Step 5: Implement the solution

Step 6: Evaluate the solution

For these reasons, our kind of enterprise seems more easily reconciled with a second principle of Lean Manufacturing: *Value is determined by your customers*. If it takes a thousand ''inefficient'' experiences to create loyal customers with confidence in us, so be it. Yes, it's slow, hard work to provide the kind of lavish, painstaking attention that produces unqualified positive reactions. But when our customers' satisfaction and loyalty are high, they value us highly. And when we're highly valued, we earn more. Hard measurements such as defect reduction metrics are important in service as well as in manufacturing, but there is something more here as well: In service-focused businesses, our customers don't tend to quantify the source of their happiness with precision. Instead, they come away from our efforts to serve them with a generalized glow, a vague feeling that they like us and want to return, and (we hope) a desire to tell their friends about us. That's the only sort of ''value assessment'' our loyal customers tend to assign to our superb service.

So can the "efficiency increases value" concept really help us serve our customers better? It can, we believe—so long as you restrict its territory a bit. We *do* want to be highly efficient—especially *behind the scenes*. For example, to return to our hypothetical friend TapasTree Joe, the continuous motion of the Lean Manufacturing approach could well bring him dramatic improvement over traditional batch-and-queue prep, with its wasteful down times interspersed with chaotic scenes of yelling chefs and frantic "expediting." Improving behind-the-scenes efficiency also serves our customers well by reducing errors, improving delivery time, and keeping staff fresh and alert.[3]

Similarly, in online commerce, behind-the-scenes streamlining of customer choices through analysis of customer patterns increases value for company and customer alike, as long as it is not intrusive. And if online customers want to proverbially "help out in the back" by doing their own account management, this can increase your efficiency and help you provide faster service at a lower price. We recommend such self-service be voluntary in most business contexts, or that you at least include systems that monitor customer frustration levels and provide them with many escape hatches—like effective, well-staffed online support chat and a toll-free hotline, just in case they get stuck.

Stamping Out Waste? Don't Crush Value by Accident

We wish all of our clients had a giant red "pause" button they could push whenever they get the urge to purge customer service processes, procedures, and traditions accumulated over years of service. Our concern is born of experience: Service-focused companies tend to delete crucial value from their service offerings, all in the name of efficiency. When they realize what they've lost, it's too late. Starting to think that your follow-up thank-you cards aren't valuable to customers? Or that your original ink signature on letters to incoming customers is a waste of your time? Or that your customers won't notice if you drop a website feature they rarely use? You may be right. But don't do anything

yet. Because the odds are pretty good that you're underestimating the value of the old approach to your customers. Here's why.

First, people form *emotional attachments* to many aspects of their lives—including attachments to your employees, your procedures, and your service features. Emotional attachments are by their nature not rational. If you repeatedly experience delight in a particular context (at work, in a relationship, in your summers on the Cape), you'll tend to form an emotional attachment to many aspects of that context. A child happily raised in and accustomed to a room with yellowing walls—surfaces which were originally white—may not react to a gleaming white repainting of it with the gratitude her parents expected.

In the same way, aspects of your service that seem expendable to you, and thus "wasteful" to retain, may have come to have emotional value for some of your customers. To make matters worse, even interviews with your most articulate customers may fail to register accurately the depth of their attachment to, say, being greeted by the smell of fresh coffee in your reception area in the mornings—because the strength of long-term emotional attachments tends to be underestimated, until it's too late. Ever been surprised how much you missed a sweetheart after being sure it was time to break up? Then you know what we're talking about.

A more general problem is that people usually aren't paying close attention to their positive experiences, and therefore don't know what *specific* aspects of their experience felt especially good to them. When you ask people to think back on an experience, they try to come up with "a theory of why I liked/disliked it"—which is what you asked them to do, after all. But one of the best-tested findings in social psychology is that *while people do have accurate access to their feelings, their theories about why they feel the way they do can be wildly inaccurate.* People are especially poor at detecting the origins of their *positive* feelings. The bottom line? Even very intelligent and well-intentioned customers can lead you astray if asked to, say, "List the five things that make you feel the best during your encounters with us." So don't be too quick to delete things that didn't make their top lists.

Try this exercise sometime: Ask a friend to think back on a great dining experience she had, even as recently as a couple months ago. Then cross-examine her:

Do you remember the décor of the place?
Not precisely.
Do you remember the face of the waiter?
No, I can't.
Do you remember the face of the maitre d'?
Nope.
What did you have for an appetizer?
I can't quite remember.
What did you have for an entrée?
I can't quite remember.
What did you have to drink?
I can't quite remember.
Was there anything special about the valet parking?
I can't remember.
Then what was so great about it?
I don't know exactly, but it was a great experience.

Using Lean Manufacturing's methodology (that only what is valued by the customer has value), everything above, taken *individually*, could easily be thrown into the classification of *muda* (waste): the excellence of the valet parker (for all the description you got, your friend might have taken the bus), the faceless maitre d' (she could have seated herself); the faceless server (a buffet would have been very practical); even the excellent quality of the food, wine, and décor, none of which she remembered in much detail. Yet all of these touch points, and so many more, ultimately built an experience that was more than the sum of its parts: The *collective* is what does it. That's why the attention to details is so important in the service business: making sure that each one of those touch points is well executed.

By the way, we could make an educated guess as to the details that

added up, bit by bit, to your friend's appraisal of having had a "fabu-lous" night out. Let's analyze just the last touch point in question (which, as a hello/good-bye [see Chapter 11] is one of the most likely to have left an impression): We like to think the valet parker greeted her, smiled at her, and was prompt. He didn't walk to retrieve her car, he ran. This action signaled subliminally that he cared—that he was committed to giving her prompt service. He took time to wipe her windshield. He did not change her radio station. He did not move her seat in a way that required her to readjust it, or if he did need to adjust her seat, he at least showed concern about the inconvenience: *"Ma'am, I had to move your seat."*

Service Alfresco

To create a fresco requires a palette of colors, skill, time, and at-tention—and the judgment and foresight to envision a painting that will fit just right on a particular wall. To create exceptional service, treat every single time you come in contact with your customers as an opportunity to add another brush stroke to their service fresco.

A great service provider is always looking for an opportunity to pull out the palette and add a few more touches that will make a more vivid, inspiring impression. In the face of the struggle to reduce waste, a great service provider knows these extra touches, as long as they actually reach the customer, are never wasted. They're what keep a business the picture of good health.

Process-Based Anticipation on the Internet

When you interact with customers via the Internet, you have an oppor-tunity to provide anticipatory service created or enhanced by software algorithms—algorithms that offer individualized guidance and assistance to your customers. The best of these anticipatory algorithms can help a

customer make sophisticated service or purchasing decisions by analyz-
ing the preferences of past customers who have behaved in the same
ways as the current one, as well as taking into account how the cus-
tomer himself has behaved in earlier interactions on the site.

The Netflix online video rental site is an example of an unusually
sophisticated, algorithm-based procedure. Netflix's algorithms are based
on millions of previous customer actions. The algorithms allow Netflix
to accurately predict which movies will appeal to a particular customer
as soon as that user begins selecting and rating movies. The software can
even make rather impressive educated guesses *before* a customer makes a
first selection by weighing such variables as the customer's gender, zip
code, and initial "search style" on the website.

Humans appear to be wired to respond appreciatively to anticipa-
tory service. That's why Netflix's ability to figure out a customer's pref-
erences feels so impressive. Indeed, regular customers describe a sense
of having a "relationship" with the Netflix website; it feels to them as
though the site "knows" them personally. That's how Netflix creates
intense customer loyalty—it's one of the best-loved customer service
sites on the Internet—despite providing customers with not even a sin-
gle moment of direct human interaction in the course of a typical en-
counter.

But before you rush to become the Netflix of your industry, re-
member our discussion in Chapter Five of how easy it is to cross a line
from "ultra-functionality" to "creepiness" online. Given the creepiness
factor, should online retailers make personalized purchase suggestions
based on the behaviors already traced to a customer's IP address, or
should they wait until the customer has voluntarily logged in? It's
tempting to push the envelope, isn't it? After all, if you logged and
analyzed *all* of a customer's behaviors on your website, you could prob-
ably make your website more relevant for them.

But consider the downside: Do your customers *want* to have their
behavior tracked even before they log into your site? And do you want
to risk potential side effects, such as inadvertently offering children sug-

gestions for lacy, barely-there things based on some browsing their parents did in anticipation of Valentine's Day?

Our opinion is that a committed service provider needs to make the decision to actually serve its customers' interests—not just *seem* to serve them. So modulate your use of online anticipatory technology. Steer your company practices away from that creepiness line.

Using Tools to Gather Information About Your Customers' Experience

There are many tools available to help you build the viewpoint of your customers into each of your products and services. Consider making use of one or more of the following: mini-customer surveys ("quizzes"), in-depth surveys, and possibly secret shopper services to gather information about the typical customer experience.

In-House "Quizzes." An on-site, three-to-seven-question mini-survey, or "quiz," tends to yield a very high participation rate. This rate is typically much higher than for a survey sent after customers have returned home and much higher than a full-length survey, whether offered onsite or later.

In-Depth Surveys. In-depth surveys can be useful to any company, no matter how small. If your company is large enough to generate survey data of some magnitude, these surveys should be administered and analyzed scientifically. This may be best done in collaboration with a specialized outside service. However you decide to handle them, be sure to remain involved in their design and administration, because there's no point in a survey that gives you plenty of answers—but to the wrong questions! Consider the following points:

▶ A survey should reflect your most important questions about customer likes, dislikes, and needs. A good survey question is clearly worded and directly explains what you are trying to find out.

▶ A survey should include free-form text fields to identify novel responses that you may not have even considered and to offer your customers an opportunity to express themselves.

▶ Questions and introductory material on a survey should be designed to give you meaningful responses. Asking a customer to be a mathematician ("Estimate your chances of returning to our store this month in terms of percentage of 100 . . .") will create confusion and frustration. Asking your customer several individual questions and only *then* getting around to asking for an overall rating is the exact wrong order, and invalidates the overall rating. Ask for the overall rating *first*, since it's the single most important rating, reflecting a gut reaction. Concluding your survey with language such as "Thank you so much for entrusting us with your business!" helps you to end up with customers who are on your side, but don't use this flowery language as an intro—it'll skew your rating. Don't use rating categories like "excellent"; "excellence" is essentially undefinable, so look for something that is based on your customer's own experience. "Exceeded expectations" is okay as the wording for your top rating category, or consider calling your top rating something emotive like "Loved it!"

▶ Two questions that are especially useful proxies for loyalty are "intent to return" and "willingness to recommend" your business. Top scores in these two areas are strong indicators of a loyal customer.

▶ As you might suspect from where you've been with us so far, in our experience the number of so-called "top box" scores (the highest raters, especially highest raters on the key "intent to return" and "willingness to recommend" questions) you receive on your surveys is more important to your brand than the average or overall satisfaction score you get by tabulating all your surveys. In other words, customers who rate you in the absolute top category are the ones who are adding the strategic value to your business. *These* are your loyalists. Put another way, with a properly designed survey, you should be happier to receive a sizeable chunk of tens (if that's your top score) with a smattering of fours than to receive solid sevens across the board. The sevens are not

loyalists and are not going to sing the praises of your brand from the rooftops. Furthermore, with the mad skills you're learning from this book, you're not going to let that smattering of fours scare you: you're going to reach out to them pronto and work on winning them over and getting them up to a ten before they fill out another survey.

Six Survey Blunders: How to Alienate Customers Fast

1. Neglecting to respond *personally* and *promptly* after receiving negative feedback. When you receive negative survey comments, respond quickly by telephone (this is best in most cases) or email; this is a situation where a handwritten note takes too long to arrive and can leave a customer stewing in the interim. Don't set a batch of surveys aside for later en masse response without scanning them first for negative responses that require immediate replies.

2. Failing to thank—again, *personally*—anyone who offers you personal praise on a survey. A handwritten note is wonderful in this case.

3. Providing a reward for a completed survey that doesn't fit with your company's image or a sweepstakes chance so unrealistically small as to be meaningless. (Rather than offering either of these, it would be better to simply say, "We really want to improve—please take this survey to help us out if you'd be so kind.")

4. Asking customers to be on an "advisory council" or hold a similar honorary position . . . and then only contacting them with obvious come-ons.

5. Creating a survey that is too much work to fill out, with no opportunity to answer a short form or skip any portions of the long survey. (Do you really only want to know the preferences of customers who took the time to answer a thirty-question survey without leaving a single answer blank?)

6. Asking intrusive demographic questions (such as income or gender) and not making the questions optional. Do not assume that respondents will trust your privacy practices.

Secret Shoppers. Professional ''secret shoppers'' will anonymously patronize your business and describe the experience to you in detail. For some businesses, this can be invaluable. The fact that a critical review comes from a complete outsider is very helpful to some organizations. Members of an organization respond differently to criticism from somebody outside of their social and power hierarchies—someone who presumably has no dog in the fight. Some employees find it easier to accept truths about their service shortcomings, and to get right to work making important changes, when the news comes from a secret shopper service.

On the other hand, as with outside survey services, a secret shopping firm needs to know what you want it to test for. What's important to your business may be very specific and contextually subtle. So the generic checklist used as a default by an outside service is unlikely to be useful. Instead, you will need to work with them to ensure that they are after what *you* are after.

Steering a Company Is Easier with a (3-D) Dashboard

You could, in theory, drive a car without a dashboard. But sooner or later you'd be caught speeding, or run out of gas, or burn up the engine—all hazards that indicators on a dashboard would have signaled far in advance. A company also needs a dashboard: a complement of highly visible meters and early warning signs that protect against foreseeable problems.

The kind of dashboard we recommend includes more than traditional "hard" measurements. Steering your company while only looking at such measurements is kind of like running a business by only looking at your checkbook (*"Hey, I'm not over-*

drawn right now, so everything must be fine."); it's a unidimensional way to manage a business. The simplicity of the dashboard concept can be used instead to bring the richness of what's important to the forefront. So, while your dashboard will include the so-called "hard" indicators of corporate health like throughput, revenue, and expenditures, at least as important will be indicators such as employee engagement, problem resolution success, and customer loyalty. (Are you losing or gaining in the number of customers willing to refer your business and who are planning to use your business again? Your dashboard should provide these answers at a glance.) These "softer" indicators can be derived from your preferred tracking tools—your customer "quizzes," surveys, secret shopper reports, and employee-filed reports, as well as data gathered on employee engagement by your managers and HR leaders.

Process-Based Solutions Become People Solutions

When you are able to anticipate a customer's wishes, it implies that you are paying close, caring attention, the kind of attention that is a universal, if often unexpressed, desire. In many industries, what you're primarily selling is this pleasure of attention: rich, personal attention. Ironically, the thing that's most expensive to provide customers—a defect-free product—just gets you in the door. Only human attention is going to differentiate you and win your customer's loyalty.

You don't need to have a luxury brand or serve a specialized clientele to build loyalty through anticipatory service—although the details of how you should attend to the wishes of customers will vary with the expectations and cultural norms of your customers themselves. For example, it is expected and necessary for staff at a Disney park to provide *briskly paced* attentiveness. Contrast that with the slow, luxurious attentiveness of a high-end spa. In our experience, all businesses can benefit from building an anticipatory service culture—from golf courses to Google—and even to a gas station.

Think of a fellow who buys his gas at the local service station—let's call it DinoFuels—many mornings. He's a *habitual* customer: It's convenient for him to stop there on the way to work. But if he's coming *from* the office, he's not going to go to all of the trouble of making a half-mile U-turn in order to patronize that particular service station. If it's not perfectly convenient, he'll fill up somewhere else.

Is there anything that DinoFuel's friendly, personable attendant could do to turn this habitual customer into a loyal one? Put differently: What costs almost nothing, yet would make this hurried gentleman go half a mile out of his way in order to shop there in the future for gas, and for higher-margin items like milk, eggs, snacks—even a tune-up?

We encourage our clients to role-play this scenario, to figure out what procedures DinoFuels could institute to turn *them* into loyal customers. Let's let Leonardo lead by example here by playing the role of the customer:

> The attendant should be keeping an eye out for customers who are becoming habitual customers: customers who are frequent, but not quite loyal. If he's doing that, he'll be aware of my repeat business. Then he could note the name on those customers' credit cards—since nearly everyone pays for gas with credit cards these days—and at the very least use my name when thanking me. If he's up to the task, he might take it much further. Something like:

> *"Oh, that's an interesting name. How do you pronounce it?"*
> "Ing-hill-AIR-ee," I would say.
> *"That's a nice name. Where are you from?"*
> "I was born in Italy."
> *"Italy, wow! Italy looks so lovely in the pictures I've seen. Where in Italy were you born?"*
> "I was born in Rome. And where are you from?"

> *"I was born in Jamaica."*
> "Jamaica's such a great island. I've been on a vacation there, Montego Bay area. Is that near where you come from?"
> *"I was born closer to Kingston."*
> And yappedy, yappedy, yappedy, yap.

If all goes well, the attendant will have established an emotional connection in this conversation. So the next time Leonardo pulls in to the station, what might the attendant do? He might say something like:

> "Leonardo, welcome back! I haven't seen you for a while. Have you been in Europe?"
> "No, I was just in New York for a few days visiting friends."
> "And these friends you were visiting: Are they Italian, too?"
> "Oh no, no, they come from Philadelphia."
> "Oh, then I'm sorry for them," he could reply, smiling.

A service station seems like a mundane setting, yet this attendant has just provided anticipatory service. He has gone to the trouble to remember the customer's name, preferences, and life history. Because being attended to is a nearly universal human desire, the attendant's behavior likely constitutes the anticipation of Leonardo's unexpressed wishes. In consequence, the customer is likely to begin to have loyal feelings toward this attendant and, more generally, toward the attendant's employer, DinoFuels. Keep this relationship going, and soon Leonardo *will* bother to make a half-mile U-turn in rush hour traffic in order to shop there.

Once he's loyal, the customer will also become more forgiving of occasional lapses in service at Dino. This is an important advantage of cultivating loyal customers. When a merely satisfied customer encounters one of your mistakes, positive feelings you've built up in that cus-

tomer reset to zero—at best. In contrast, now that this particular customer feels emotionally attached to DinoFuels, the station's staff can make some flubs without erasing his built-up feelings of goodwill toward them.

Volume Is No Excuse: Let's Get the Process Started

The typical excuse for not trying to recall individuals and their preferences or idiosyncrasies is "volume": "We serve too many customers to set up a process that requires us to remember them individually." This is a questionable excuse, but we hear it regularly even from businesses with a more limited customer base (and far greater upside per customer) than a gas station, such as law firms. It's true that the on-the-fly remembering and acknowledgement of minor customer details in a situation like this is dependent on individual employees. So a reasonable question is: How many individual customers, for example, can *you* "remember"? We're confident that the answer is in the hundreds. It's not that you have to remember every single detail of their lives—just a few minor points. (Of course, for more complex use of customer details and preferences, we advocate computer-aided memory systems, as discussed in Chapter 5.)

Let's assume you are indeed hard at work in a gas station, with twelve busy pumps. You have about ten customers per pump per hour. That is 120 brief transactions an hour, about 960 customers per eight-hour shift. Many customers pay at the pump, which leaves you probably interacting with a few hundred people a day. Perhaps 25 percent of these are the habitual customers our proposed process suggests you interact with: probably fifty people a day, in this very busy business. And, of course in almost any business, the demand will be even less than this.

But you need to get the process started.

The balance of the transition from habitual to loyal depends on people skills: on employees who are hired, trained, and inspired to excel at anticipatory service. (To give just one example, the attendant would need the finesse to know not to engage Leonardo this actively if Leonardo had shown signs of restlessness or wanting to be left alone.) Finding, training, and inspiring such people is a central issue, with rewarding solutions, and we're about to get into it elbow-deep.

Take a breath. We're ready when you are.