

# How to Create a Customer Service Plan

*An Edward Lowe In-Depth Business Builder*

*There is a revolution where customers reward the companies that satisfy their needs and expectations and attack those that are not responsive to their needs. Learn how to set up a customer service initiative in your company using effective techniques.*

## WHAT YOU SHOULD KNOW BEFORE GETTING STARTED

### What is Customer Service?

*"As the Interactive Age arrives, every enterprise will have to learn how to treat different customers differently."*

—Don Peppers and Martha Rogers, writing in their book *"Enterprise One To One"*

How does your company meet a customer's needs?

If you started a business 10 years ago, you'd probably give an indirect answer. You might say that by gaining market share and managing sales and distribution, you could satisfy your customers. If buyers' needs were met, your business would presumably grow and prosper.

Today, however, meeting the needs and expectations of customers requires that you know your customers — as individuals. That means consistently collecting their input, removing barriers to communicate with them, and taking steps to foster a long-term relationship with them rather than just a limited, transactional one. If potential customers grow overwhelmed, confused, or simply can't find what they want, your high level of service is the "ace in the hole" that'll keep them from fleeing.

In creating and evaluating your customer service plan, avoid too much internal analysis. Instead, defer to customers' perceptions of efficiency, responsiveness, and courtesy. Your own hunches, biases, or interpretations shouldn't interfere with the unfiltered knowledge that your customers can provide. They are your ultimate judges.

### Customer Service as a Competitive Advantage

With even small businesses investing heavily in technology — from database software to Web site development — traditional feature and cost advantages no longer provide a sustainable competitive advantage. More fast-growth companies are focusing on quality of service to distinguish themselves from the rest. They are talking to their customers to determine what's important to them and how they can further add value. Smart companies now strive to be an extension of their customers, thereby fostering more loyal buyers who're less apt to change vendors.

### Benefits of an Effective Customer Service Initiative

Here's how you and your business can benefit from a customer service plan:

- Minimize stress — If you're dealing with customers directly, especially unhappy ones, some stress will naturally result. You can reduce it if you develop a systematic way of dealing with your customers.
- Higher efficiencies — When you focus on areas that directly affect customer satisfaction, you can use your resources more efficiently. An effective customer service program provides a game plan for working on those areas most important to your customers, while reducing distractions that can derail your progress.

- Increased morale and satisfaction — When you're implementing a plan that's designed to delight your customers, then you can rally your employees more easily and inject more meaning and gratification into their jobs.
- Survival — You need effective customer service to turn your high-growth business into a viable long-term competitor. With increasing globalization and the knocking down of trade barriers, the race for customers is fierce. There are plenty of suppliers eager to satisfy customers. If you're not one of them, you may not be around for long.

## 5 STEPS TO CREATE YOUR CUSTOMER SERVICE PLAN

While there's no single blueprint for an effective customer service program, here are five steps that you can take:

1. Assess Your Customer Service Quotient
2. Understand Your Customers' Requirements
3. Create Your Customer Vision and Service Policies
4. Deal Effectively With Your Customers
5. Educate Your Staff

### Step 1: Assess Your Customer Service Quotient

In order to establish an effective customer service plan, you need a starting point. Use this self-assessment to map out your strategy. For each statement, rate your business based on the following scale:

1. Are you kidding?
2. Hardly ever
3. Sometimes
4. Usually
5. It's our way of life!

#### Our culture

1. We're committed to do whatever it takes to create satisfied customers.
2. We try to do things right the first time.
3. As the owner, I set an example that customer service is important.
4. Serving our customers' needs takes priority over meeting our internal needs.
5. Total Score divided by 4 = \_\_\_\_

#### Customer alignment

1. When we sell, we aim for a partnership approach.
2. In our collateral materials, we don't promise what we can't deliver.
3. We know the features and benefits that matter most to our customers.
4. We design new products/services based on information provided by our customers.
5. Total Score divided by 4 = \_\_\_\_

**Error reduction**

1. We review customer complaints.
2. We constantly ask our customers for feedback.
3. We regularly look for ways to eliminate errors based on customer input.
4. Total Score divided by 3 = \_\_\_\_

**Using customer information**

1. We've determined what our customers expect from us.
2. We frequently interact with our customers.
3. All employees know what's important to our customers.
4. Total Score divided by 3 = \_\_\_\_

**Customer outreach**

1. We make it easy for our customers to deal with us.
2. We aim to resolve all customer complaints.
3. We encourage "wowing the customer."
4. Total Score divided by 3 = \_\_\_\_

**Qualified and empowered staff**

1. I respect my employees.
2. All employees firmly understand our product/service.
3. All employees possess the right tools and skills to perform their jobs well.
4. All employees are encouraged to resolve customer issues.
5. All employees feel that customer satisfaction is part of their job.
6. Total Score divided by 5 = \_\_\_\_

**Improving Products/Services and Processes**

1. We constantly work to improve our processes and products.
2. We network with other groups to learn from their strengths and weaknesses.
3. When we uncover problems, we try to resolve them quickly.
4. Total Score divided by 3 = \_\_\_\_

*Source: Adapted from Forum Corporation's Self-Test for a Customer-Driven Company*

Now evaluate how well your organization focuses on customer satisfaction. Low scores suggest opportunities for improvement.

## Step 2: Understand Your Customers' Requirements

### Sources of Customer Information

Once you launch a business, you might assume you know your customers' requirements. You figure that your company's small size lets you stay close to your buyers. But as you grow, you may need to conduct a more thorough analysis. Here's how to tell:

- Can you identify your customers' top three priorities in doing business with your firm?
- Does your company measure up well in addressing these three priorities as compared to your competitors?
- Do you collect information about your customers in a formal, systematic manner?

If you answered no to any of these questions, that shows you may want to gather customer information more aggressively. Here's where to look:

- **Customers.** Start by reviewing customer complaints, questions, and comments. If you don't have a systematic way of collecting and compiling this input, develop one. Don't just dwell on complaints; studies show that only 2 to 4 percent of dissatisfied customers ever complain. If you're only looking at complaints, you're missing the vast majority of buyers who might provide helpful feedback about their impression of your business.

Surveys and focus groups are popular methods for gathering information on customer needs. Surveys are written questions given to individuals; focus groups are oral questions posed to groups. A broad questionnaire or focus group may give you lots of information, but you need to devise clear objectives from the outset so that you're ready to act on what you learn.

- **Within your company.** Uncover potential areas of customer dissatisfaction by reviewing your key operational data. Check the status of backlogs, stockouts, or customer complaints. Review your returns to gauge whether customers are unhappy with your product. Also check your internal reject or yield rates. If your rejects are high or your yields low, some bad product may leak out to the customer. Use your employees as a valuable source of information on customer requirements.
- **Vendors and service providers.** Like many entrepreneurs, you may outsource parts of your business operation to specialized services. Specifically, you might pay outsiders to handle employee benefits, purchasing, and Web site design and maintenance. Many small businesses also hire firms to provide customer service call-center services.

Enlist these vendors and suppliers to help you stick to your customer service plan. *Example:* Have your Web site administrator categorize the types of feedback that customers provide online and provide rapid responses. Or ask your print shop how many times it must re-do an order because customers rejected it the first time.

As you review your internal data, your employees' input, and the feedback you collect from vendors, identify the top three customer service issues that arise and compare them with the top three questions, comments, or complaints you've heard directly from your buyers. Do you find any overlap? Any surprises?

## The Best Kind of Data

More is not necessarily better when it comes to customer data, but getting the right information is critical. Seek these elements in the data you measure:

- **Ongoing.** To track your customers' changing needs and uncover your company's long-term performance trends, collect data on a continual basis.
- **Specific.** To make the kind of improvements your customers want, you'll need specific feedback. While general input may give you some hints, more pointed, concrete feedback will direct you to take appropriate action.
- **Timely.** Old data can turn obsolete by next quarter.
- **Weighted.** Some data will jump out at you because it's more relevant or important. Concentrate on information that affects your bottom line, and separate hard evidence ("my order came a week late") from soft data ("I was less than impressed").

## Step 3: Create Your Customer Vision and Service Policies

When a Washington Post reporter returned from the 1999 PhoCusWright conference on the Internet travel business, he wrote about his experience watching a panel of 12 executives who run big online travel sites. When these CEOs were asked to declare his or her company's "key distinguishing asset," only two of the 12 mentioned something they deliver to customers.

That's a stark reminder of how few Internet executives understand and appreciate the role of the customer. An effective customer service plan must be built on a customer-centered vision for your company.

A vision consists of a vivid picture of an ambitious, desirable future state that's linked to the customer and improves on the status quo in some important way, according to Richard Whiteley, an author and management consultant.

Your vision is what you want your company to become, what you want it "to grow up to be." A client-centered vision takes its direction from the customer and performs two critical functions:

1. It serves as a source of inspiration to rally you and your employees around a single unifying purpose: to please the customer.
2. It guides decision-making and aligns the company so that all functions work toward a single goal.

When you craft a vision that spells out what the company seeks to become, you guide all your employees to make better decisions. After all, an employee who knows where the business is headed will probably make more effective decisions that reinforce that goal.

How do you create a vision? It's easy. Vision statements need not be elaborate. Two examples:

1. Ray Kroc's vision for McDonald's was "Quality, Service, Cleanliness, Value."
2. United Airlines recently announced its customer-service goal: to provide unsurpassed global access and a simpler, more hassle-free travel experience while treating customers with candor, responsibility, and genuine attentiveness to their needs.

Keep your vision concise. The shorter, the better. That helps you reduce the odds of misunderstanding. In their start-up excitement, many entrepreneurs mistakenly write wordy paragraphs that run so long, no one really knows what the vision really means.

When creating a vision, you must decide how you want your company to evolve over time. Use this exercise to "see" the future:

1. Imagine it's 3 years from now, and you're reading a feature article in The Edward Lowe Report about your company's explosive success. To what can you attribute that success? List at least five specific reasons your company has grown so fast.
2. Now pretend you're a customer. What's the most important reason for your company's success, from the customer's viewpoint?
3. What steps have you taken over the last 3 years to upgrade your customer service and ensure that you stick to your customer service plan? (Examples include investing in new technologies, conducting surveys, beefing up your service department.)
4. Use the above responses to ponder your customer-centered vision. Summarize the key elements of your vision.
5. List all the verbs from your answer above. Do these words fully capture the action you want? Consider choosing more stimulating verbs to enliven your vision, such as changing "satisfy" the customer to "delight" the customer or "trying to provide value" to "promising exceptional value."

### **Customer-friendly Policies**

Clear, straightforward customer-friendly policies should accompany your vision. While some bigger, bureaucratic companies use their policies as a weapon ("I'm sorry, Mr. Customer, but that's our rule"), entrepreneurial firms can and should show more flexibility to please buyers.

Some well-intentioned entrepreneurs fall into the trap of adopting policies that clash with customer needs and expectations. If you left a job at a large organization, for example, you may enact certain rules or safeguards in your new business because "that's the way I've done it before."

Take an inventory of your company's policies. Do they facilitate customer satisfaction or do they only erect barriers and cause customer frustration? If you're having difficulty identifying these "unfriendly" policies, review your customers' comments and complaints.

A quick scan of the feedback will direct you to some of the most troublesome policies. Reassess whether such rules are necessary. What would happen if you eliminated such policies? As long as such a move wouldn't jeopardize legal compliance or cause some other severe problem, then toss it out!

In some cases, you'll discover some necessary policies that your customers may not like, but that you're legally bound to keep in force. You can't do much about these except make them as "friendly" as possible. For instance, if you're cleaning health-care facilities, and your insurance company restricts you from disposing of certain medical wastes, let your customers know.

At the same time, investigate if there's a compromise you can make, such as disposing of the waste once it has been properly contained.

Meanwhile, keep your "friendly" necessary policies and strengthen them, if possible. Use customer-friendly policies as a competitive edge to retain your current customers and attract new ones.

#### **Step 4: Deal Effectively With Your Customers**

Once you've established your customer-centered vision and created customer-friendly policies, you're ready to sharpen your skills in dealing with your customers. These skills can be segregated into two areas: communication skills and problem-solving skills.

##### **Communication Skills**

How you communicate to your customers is just as important as what you say. Follow these guidelines:

- **Build rapport with customers.** Put them at ease and make them feel comfortable. When your customer or prospect enters your store, phones your office, or logs onto your Web site, reinforce your eagerness to deliver extraordinary service. This sets the tone for the rest of the transaction.

Every time a customer interacts with your company, the message should be consistent: you want to provide top service. If a customer calls and gets lost responding to dozens of touch-tone commands (think of the I.R.S. help line), you must simplify the system. Testing a customer's patience gives them a reason to leave and never return.

- **Make a lasting, positive first impression.** This will enhance the customers' visits, whether they're asking questions, browsing, or ordering.
- **Show appreciation.** Customers want to feel special, and your attitude and behavior must reinforce your view that they're important. When you value customers, your sincerity makes them more receptive and enthusiastic about your business.

It all begins with the proper mind-set: A customer-focused organization is not in business to deliver a product or service, but to enable people to enjoy the benefits of its product or service. A temporary employment agency is in business not to fill job vacancies with temporary personnel, but to help their customers enjoy the benefits that their service provides — immediate placement of highly-skilled individuals. It's a subtle but vital difference.

- **Seek ways to help customers.** Find out what your customers want more or less of — and respond accordingly. Get a head start by reviewing customer complaints and other feedback. Then take steps to maximize each customer encounter. Examples include giving your customer-service representatives the authority to satisfy reasonable customer demands on the spot, making follow-up calls to ensure customers' requests have been met promptly, and simplifying your bills so that they're easier to read.
- **Strive to understand their needs each time you deal with them.** By exceeding their expectations at any given moment, you make an instant positive impact. A desire to uncover your customers' needs or wants will provide you with a competitive edge.

Here are some questions you can ask customers to show your eagerness to help:

- What would completely satisfy you?
- How can I make things easier for you?
- Can you think of any other ways I can help you?
- **Listen attentively.** Pay attention to your customers' words, tone, and body language. According to a UCLA study on communication, 7 percent of our communication is verbal, 38 percent is tone of voice, and 55 percent is nonverbal. That means your words alone will not make everything better; you need to align your gestures, facial expression, and voice tone to send a complete message of support and concern for the customer. Rapt listening will enhance your understanding of what your customers need and make them feel valued.
- **Establish a long-term relationship.** Don't just dwell on making a strong first impression; remember that "last impressions" count, too. Never miss an opportunity to thank customers. Tell them you'd like to see them or hear from them again. Then do something to make them want to come back or refer you to a friend or colleague, such as offering a referral bonus if they bring in new business.

To ensure you communicate effectively with customers, list three specific steps you and your employees can take to improve in each of these areas:

Build rapport with customers:

- 1.
- 2.
- 3.

Show appreciation:

- 1.
- 2.
- 3.

Seek ways to help customers:

- 1.
- 2.
- 3.

Listen attentively:

- 1.
- 2.
- 3.

Establish a long-term relationship:

- 1.
- 2.
- 3.

### **Problem-solving Skills**

Your customer service plan should include guidelines for your employees to problem-solve. When you take responsibility for a snafu, you can turn a negative customer into a raving fan. Studies show that if a problem is resolved quickly, 98 percent of your customers will buy again and even tell others of their positive experience.

But the longer the problem drags on, the more frustrated a customer becomes. So how do you address problems quickly? Use this four-step process:

1. Understand the problem

Gather the facts. Let the customer speak without interrupting. Listen without getting defensive. Repeat your understanding of the problem to ensure you've got it right. Examples:

- "As I understand it, you're concerned about why you haven't received your latest shipment."
- "Just to confirm, you want to receive a new unit and get a refund, right?"
- "So the problem boils down to the fact that you have the wrong part and you need the right one by tomorrow."

2. Identify the cause

After you understand the problem, you're ready to identify what triggered it. First, find out what actions the customer took. Then review with the customer what should have happened had everything run smoothly. Conclude by isolating what went wrong.

### 3. Propose solutions

Before you suggest possible solutions, ask your customer for ideas. You may learn exactly what you need to do to fix everything. Agree on a course of action by hashing out options and working together to finalize the best one.

### 4. Solve the problem

Now take corrective action and ask your customer, "Are you pleased with the way the problem's solved?" Then make a peace offering to the customer as compensation for all the trouble.

## Step 5: Educate Your Staff

Now that you've learned to assess your customer service quotient, understand your customers' requirements, create a customer-centered vision, and communicate well with customers, you need to educate your staff on how to carry out your customer service plan.

This involves two steps: communicate and train.

- **Communicate.** Hold a mandatory meeting to roll out your vision for your organization and explain the intent of your customer service plan. Invite feedback from employees and tweak the plan to reflect their input.

Don't make this the only time that you talk to your staff about the importance of customers. Work it into your everyday management of the business.

- **Train.** In order to achieve your customer-centered vision, your staff must be properly trained. Include some training in your regular meetings so that it becomes part of your normal operations. Also schedule periodic workshops to train personnel in specific problem-solving and communication skills. Examples include hosting "lunch 'n learn" sessions in which you bring in outside experts or sending employees to customer-service seminars.

## THE FINAL PIECE OF YOUR CUSTOMER SERVICE PLAN

When finalizing your plan, step into your customer's shoes. Imagine what it's like for a buyer who does business with your company.

Like an airline pilot preparing for take off, create a checklist so that you can confirm you're ready to "fly right" and provide the kind of positive experience that will please your customers.

Here's an example:

- **Product or service overview.** Have you made it as easy as possible for customers to learn about what you sell? You should provide a summary of the scope of services or types of products you provide. Categorize groups of related items whenever possible to guide shoppers more easily. If you launch an e-commerce Web site, each product description might include an item's specifications, photos, measurements, sizes, colors, user reviews, or testimonials and prices.

- **Speed.** Can shoppers complete ordering quickly and painlessly? A friendly, patient customer-service representative should be available to answer questions. Buyers should not be kept waiting in lines or left on hold when calling.
- **Communication.** Are your customers aware of key facts they must know about doing business with your company? You should make it easy for them to learn about your return and shipping policies. If they're buying online, assure them that their credit card transactions are secure and alert them of which cards you accept. If you charge more for value-added services or extended warranties, give buyers a chance to ask questions and consider without pressure whether they accept these options.
- **Follow up.** Who should your customers contact if they need help after the initial purchase? Make sure they receive printed contact information, including the full name of a customer-service representative and that person's direct-dial phone number and e-mail address. You may wish to explain how the order will be filled and provide a clear timetable for what happens next. Show customers how to make status inquiries, discuss problems, seek technical support, or ask other questions.
- **Retention.** Are you taking steps to build loyalty and establish a long-term relationship with each customer? This can involve giving out discount coupons for future business, sending an informative quarterly newsletter to customers, and calling a month after the transaction is complete to ensure the buyer's completely satisfied. If your customers buy over the Internet, you can use your Web site to create a user community, cross-sell related products and services, and build brand awareness.

## RESOURCES

### Software

Inc.'s Customer Service Plan Pro software walks you through the steps to create a customer service plan.

### Books

Market-Based Management: Strategies for Growing Customer Value and Profitability by Roger J. Best. (Prentice Hall, 1999).

What Customers Value Most: How to Achieve Business Transformation by Focusing on Processes That Touch Your Customers by Stanley A. Brown. (John Wiley & Sons, 1996).

Beyond Entrepreneurship: Turning Your Business into an Enduring Great Company by James C. Collins and William C. Lazier. (Prentice Hall, 1995).

The Death of Competition: Leadership and Strategy in the Age of Business Ecosystems by James F. Moore. (HarperBusiness, 1997).

Enterprise One to One: Tools for Competing in the Interactive Age by Don Peppers and Martha Rogers, Ph.D. (Doubleday, 1999).

Customers.Com: How to Create a Profitable Business Strategy for the Internet & Beyond by Patricia B. Seybold. (Times Books, 1998).

Achieving Excellence Through Customer Service by John Tschohl. (Best Sellers Publishers, 1996).

The Customer Driven Company: Moving from Talk to Action by Richard C. Whiteley. (Perseus, 2000).

Customer Centered Growth: Five Proven Strategies for Building Competitive Advantage by Richard C. Whiteley and Diane Hessian. (Perseus, 1997).

*Best Practices in Customer Service* by Ron Zemke and John A. Woods. (AMACOM, 1999).

**Professional Groups**

American Society for Quality

American Productivity & Quality Center

International Customer Service Association

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# Customer Service Assessment

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3. Seek ways to help customers:

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5. Establish a long-term relationship: