

**Customer Service Excellence: The Focus of this Issue of
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Introduction to this Newsletter -

Ask almost anyone about a recent customer service experience and more often than not, perhaps between seven and nine out of 10 times, the conversation will be negative. Ask most senior executives and managers about their desire to provide great customer service, they will almost always say that excellence in customer service is a business imperative. Ask most senior executives and managers about their firms' ability to deliver premier customer service, and overwhelmingly the responses will be less than enthusiastic. Although an imperative, superior customer service is one of the most difficult deliverables facing the business world today. Therefore, our subject for this quarter is... *Customer Service Excellence*.

Customer service is one of those subjects where there is a seemingly endless amount of information available. Thousands of service providers can slice and dice this subject in as many different ways. However, although many organizations take customer service very seriously, few are great at it.

Because of its importance, I have decided to dedicate both this and the next issues of *SalesNews* to the subject. Through my efforts I hope to give you *greater insight* and *tangible ideas* to help lead your organization along the right path toward resolving its customer service issues.

Why spend time on this? Simple. Excellence in customer service is critical to all organizations. You see, research shows that while the acquisition (sales) of customers is vital to business growth, customer retention (customer service) has an equal, if not greater role in the long-term stability of business. Not convinced? Perhaps the following statistics will sway your thinking:

- It costs five to six times more to acquire new customers than to retain existing customers.
- According to the latest statistics on why customers leave, 65% do so because of something that the front line is or is not doing.
- Walker Information studies showed that while 90% of customers reported being satisfied, only 50% reported buying from the company again.
- A TARP Worldwide report done in the 1980 revealed that 96% of dissatisfied customers do not complain directly and 90% of them won't buy again. It also showed that one unhappy customer will tell nine other people of their unhappiness. Further, at least one of those persons will tell 20!
- In a more recent financial services industry study, TARP results showed that among customers who register a complaint, 54-70% will buy again if their complaints are resolved. This stat improves to 95% if the customer feels the complaint was resolved quickly. Additionally, customers whose complaints were satisfactorily resolved tell an average of five people about their good treatment.

- Claes Fornell, a professor at the University of Michigan and the developer of the American Customer Satisfaction Index (ACSI), has shown organizations that maintain a steady state of customer satisfaction improvement over several years gain an increasing rate of improvement in their profitability. For example, a company that improves customer satisfaction by 1% over five successive years will, on average, accumulate an increase of 11.5% return on investment over that same period.
- Based on an Accenture study, a typical \$1 billion business can add \$40 million in profits simply by enhancing their customer-facing capabilities by 10%.
- A multi-industry study done by Wharton's School of Business found that companies who reduce their customer attrition by 10% increase profits by 25-75%.

Although superior customer service is one of the most difficult deliverables facing the business world today, delivering *Customer Service Excellence* is not impossible. Far from it.

As you'll see upon reading this issue of **Sales eNews** there are a host of initiatives that your firm could implement to improve customer service. Here are the five top business improvement initiatives that, in the Accenture study, produced the highest impact on a company's financial success:

- Enhancing Customer Service
- Converting customer information into business intelligence
- Motivating and rewarding employees
- Attracting and retaining employees
- Developing sales and service skills in employees

Thank you for your interest in **Sales eNews**.

Bobby L. Butler, President and Founder of **Sales Mentoring Solutions™**, LLC

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