Ideas and Images for Improving Customer Service in the Emerging Age of Designability & Discontinuous Improvement

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In today's world, businesses increasingly need to be customer focused, market directed and creating. This recognition requires focusing on both customers implicit and explicit demands and needs, dialectic communications, matching organizational image with reality, customer product and service development involvement, discontinuous and continuous improvements and scouting both existing and potential customers.

Customer as Business Development Partner. **Firms are also being compelled to consider customers as partners in business development. In Thriving On Chaos, Tom Peters presents the numbers for supporting the idea of customer as business development partners. The value created by one well-served restaurant customer who sells one friend is $150,000. over a ten year period. The average spending on auto purchases per person is $150,000.**

Cost of Poor Service. **A survey of service firm senior executives by the Sandy Corporation found they estimated their firms lost $40.4 million dollars per year because of poor service to customers. They also estimate that their firms spend $45.4 million dollars to replace lost customers. Technical Assistance Research found seeking new customers is five times as costly as maintaining existing ones.**

Counter Word-of-Mouth Selling. **Technical Assistance Research found the average unhappy customer tells 9 to 10 people about his or her poor service experience. They also discovered 13% of the unhappy customer**

group informed twenty or more people. If we use Peter's numbers and assume that 4 people will be influenced by one unhappy person's experience, the restaurant has lost potential sales worth $ 300,000. If each of these 4 people tells five people about this experience and on average 2 people are influenced by this story, the lost sales potential is an additional $600,000. The study also found that the clear majority won't inform a firm of their bad experience. They'll just go to another.

Lack of Customer Involvement in New Product and Service Development. **Most firms don't involve customers in product and service development and design. Sandy's study found most executives perceived customer service as the responsibility of one department-Customer Service. The majority did not use customer surveys or customer input in formulating their business strategy. They viewed customer service as a series of limited programs, not as a strategy for guiding their organization.**

Millions Spent Without a Return. **The results can be disastrous. The cellular phone industry, several years ago, projected expanded usage and a capacity crunch. Experts were consulted. They advised using the new digital modulation technologies. Hundreds of millions were invested. There was only one problem. Customers weren't consulted. And, they didn't see any advantage to higher cost new system. This has required new service development. And, cost will likely need to be greatly reduced before customers switch.**

Retaining and Partnering Ain't What it use to be. **Yet, retaining and partnering with customers can be a daunting task. Customers have experience product and service choice expansion. Gone are, for example, the bonded white paper days. Customers have countless designer paper choices. Sony, alone, has produced approximately 225 Walkmans. The average supermarket has 30,000 products.**

A Zillion More Products and Counting. **New product and service launches are at an all time high. In 1994, 20,000 new grocery products were introduced. MCI, Sprint and AT&T, for example, maybe joined by the Baby Bells in long distance and local telecommunication services. The Baby Bells and cable firms will also compete. This may lead to a new product launch furry.**

Competition Ain't What It Use to Be. **Products and services are becoming misty. The boundaries between industries are fuzzy. Voice messaging services, computer software and answer machines are an illustration. Customers can select alternatives from three traditional different industries: phone companies, computer hardware and software firms and consumer electronics.**

Expanding Distribution and Access Channels. **There are also expanding shopping choices. There are malls, superstores, mail order, TV shopping, Internet and specialty stores. And brand names aren't necessarily a competitive advantage. Research suggests a decline in customer loyalty to brands. There has been a 25% decline in customer agreement about the security, value and trust in national brands since the 1970s. While this decline has tended to be stable, there is no guarantee that customers will remain brand loyal. IBM, AB, Sears and Apple have learned this.**

Satisfaction Doesn't Cut it. **Research suggests satisfied customers aren't necessarily loyal. Retained customers are totally satisfied. Xerox found, for example, that totally satisfied customers were six times as likely to purchase products over eighteen months as satisfied ones.**

Idea and Images for Revisioning and Enhancing

So what's a company to do? Here are a few ideas and images to feed the imagination. The intention isn't to provide how-to-do-it prescriptions. Why? First, they required the suspension of thoughtfulness and judgment. Both are critical in I & Thou relationships. Second, they ignore the firm's unique context. In other words, what may work in one firm and with set of customers may not with other. Finally, research and experience suggest that ideas and images are all that is really necessarily. People have imaginations and creative intelligence. They only truly need a few sparks.

Idea I: Revision Choice to Designability

First is develop system transforming "choice" to "designability" (Designable is characterize as the ability of the customer to influence the product and service). Designability is the revisioning of the craft and shopkeeper tradition. The first cars, for example, were extremely

designable. Customers went to a craft shop. They co-designed their vehicles. This changed with mass production and merchandising.

Designability is, however, returning. This emergence began with the microchip and lean production. The computer revolution hasn't taken place in cyberspace but in the average home that now has approximately 100 microchips in everything from the refrigerator to bread makers. Chips create designable options. Users can design the technology for their specific needs.

Computers have been designable for years. A customer can design his computer over the phone from a diversity of monitors, mouses, microprocessors, hard drives and printers that may also be a fax, and copier. Values and electrical switching equipment have also followed suit.

Designable directed firms have been winner while choice providers have been losers. Work station development is an illustration. By all rights and predictions, Apollo, engineering workstation pioneer, ought to have easily defeated Sun. However, Apollo made the mistake of designing a closed system while Sun pioneered an open one. In other words, Sun's work station was more designable than Apollo's. Sun didn't lock customers into a single hard and software vendor. It also allowed Sun to introduce more complex new products. The rest is history.

Apple computer illustrates the choice problem. Apple launched countless choices in the late 1980s and 1990s. However, expanding choices only confused customers. Lacking product knowledge, they tended to buy on price and standard. This is also the case with most grocery store line extension product launches. Approximately, 90% won't be accepted and will die.

This is only the beginning. Increasingly, customers will be designers, not choosers. Levi Strauss, for example, has a made-to-order women's blues system. Customers are provided with sample jeans that they can try on. Clerks measure for fit. This information with the customer's blue preference is sent to the factory where a computerized fabric-cutting machine produces the made-to-order jeans. Panasonic uses a similar process to make made-to-order bikes. Nike's and HP's next competitive advantage maybe designable shoes and home and business technologies.

Idea II: Support Stallion and Mare Dialoguing

Second is revision the image of demand and supplies to Stallion and Mare dialoguing. The popular image is that of the products (supply) and market (demand) enterprise. A third image is the stallion and mare. These images fuse supply and demand. It involves dialogues with customers to support acceptance and designability. Philips sent designers, psychologist and sociologists to various European communities to engage potential customers in product development conferences. Organizational members and potential customers engaged in real time dialogues about product possibilities. Phillips used dialogue created knowledge to develop interactive children's products. These products were tested with the same customers.

Dialogues can also be sensuous: sensuously experience customers working with products and services. Intue, a computer program development firm, for example, has a "Follow-Me-Home" program. A first time customer is observed at home using the program for the first time. An important dimension of this process is observing the body movement of the user. Scott Cook, CEO and founder, states, "You watch their eyebrows, where they hesitate, where they have a quizzical look."

New technologies and the Internet offer countless possibility for dialoguing with customers about new product and service development. Ford, for example, has aggressively used CAD/CAM and teleconferencing for new product development. Ford might create a web site that would allow customers to play with designs and test simulations.

Apple Computer, for example, uses customer service calls to inform customers of new products and to collect improvement information. Customer service and design staff regularly meet to share intelligence. In turn, design engineers use this information for continuous improvement and new product development.

Idea III: Support Metaphoric and Poetic Revisioning of Service

Third is revision core metaphors, images and ideas. Most services are based on mass production metaphors, ideas and images. Disney, Haagen-Dazs and British Airways, for example, maybe revisioning service to interactive and improvisational theater. A story is created. The scene is

designed to create a "feeling" or experience. Actors are selected and caste. They learn and practice their performance. However, the detail of the story and actor performance is improvisational with customers.

Haagen-Dazs, for example, created the story of "celebrating the experience of being alive." Staffing interview were revisioned into theater auditions. A Director of Magic to work with store managers and scoopers to implement exciting ideas were created. British Airway's story theme is "nothing too small, nothing too large." The firm orchestrates its whole service experience to look after individual needs. The "Winning for Customers" programs put participants through a series of performances, exercises and simulations, focused on serving customers. The intention is to support improvisation when dealing with customers.

Service As Zen and Ideal. **They are also revisioning service to a more Japanese and Goethean ideal. Colin Marhall, British Airway's Chairman, speaks of seamless service. This idea implies perfect, transcend, immaculate and unparalleled. In other words, seamless service is an ideal. The image is that of an artist focusing on precise details as expressed Japanese tea ceremony, flower arranging and garden appreciation. It is also the Zen ideal of never truly achieving the ideal. A consciousness of precision, artistry and continuous improvement exists.**

Reimaging the Organizational Design. **Revisioning may also involve organizational design images and metaphors. Atmosphere Processing, Inc. abandon the traditional structure, replacing it with a circular field composed of activities directed toward creating customer satisfaction. The outcomes are: (1) associates have shifted their attention from their cubbyholes and pleasing their supervisors to improving customer satisfaction and organization profitability; (2) managers have stopped undertaking "look good" projects to support their climbing to the top; and (3) empire building has ended.**

Revisioning the Whole Enterprise. **Finally, revisioning maybe required for the whole enterprise and its core competency. Sony, for example, has been the independent individual product development master. Customers have loved the Walkman, pocket radio, portable TV and camcorder. However, its technology vision and competency are at odds with the digital revolution. Revisioning will involve developing and designing products so that customers can integration them into digital network. Sony's new**

business platforms will be creating bridge between consumer electronic and computers and entertainment and communications. In other words, Sony must revision its image and core competencies from that of providing products to the independent individual to interdependent and networked person.

Idea IV: Benefitting Both Server and Served

Fourth is recognize customer interests are best served when the organization takes care of its members and other stakeholders. In fact, they characterize the best services as that which benefits both server and customer.

Jack Stack, CEO of Springfield Remanufacturing, states that if a firm is to serve its customers, it must take care of itself first. Stack clarifies this principle by stating that a firm must devote resources to development, learning, equipment, community creation and celebration. He also states that having fun and being happy are important values for producing high quality products.

Idea V: Customer Investing

Fifth is investing towards customers. Financial decisions ought to be decided upon the basis of how they will benefit customers. Zanes' Cycles, for example, has made numerous unconventional customer investment decisions. Zanes provides life time service, not the one year convention. Parts costing less than a dollar are free. A coffee bar and child play area were constructed to afford customer a comfortable repair waiting and buy decision space.

Customer improvement investment ought to be made even in times of when revenues are declining. An example is SAS' investment of $45 million dollars when the firm was suffering from a decline in profitability. The result was impressive. SAS was profitable the same year.

Idea VI: Be Innovative Or Forget About Being Pleasing

Sixth is realize customers' needs are constantly changing and that they need innovative solutions to their problems. In fact, research on

innovation sources indicate that in certain industries approximately 80% of new developments are customer based.

Great Plains, a software firm, has created an information system that supports customer driven innovation. Through customers and partners, Great Plains is playing with 10,000 to 15,000 active suggestions at any given time. Customer and partner surveys, user groups, and scouting customers create this information. This information is used to develop new products and improve existing ones.

Innovation goes beyond the firm's services and products. It also involves developing creative ways for meeting marketplace changes. EBC Industries, formerly Erie Bolt Company, a bolt and nut manufacturer, have created a network enterprise to serve customers. EBC partners with former competitors to fill customer beyond in-house capabilities' demands. EBC's core competency is not longer nuts and bolts production but forming networks and partnership to address customer demands.

Refreshing and Product and Service Suicide. **Innovation involves developing products and services customers have never thought about and "killing off" existing ones. British Airways, for example, engages in "refreshing" its brands. Refreshing is systematically enact every three years. World Traveller refreshed by changing its video and audio channels. BA is also in the process of developing interactive video services for its Boeing 777s.**

Don't Stand To Close to. **Recognize that "being close to the customer" can hamper innovation. Focusing on existing customers can inhibit executives and managers from supporting discontinuous improvements. Why? Existing customers may not see their value. They may late innovation adapters. And, management systems maybe based in design towards what is and has been successful. Seagate Technologies, for example, failed to support the development of 3.5 disk drives because early developments didn't address existing customer needs. Large retailers spent millions on monitoring their customer's needs. Unfortunately, they ignored noncustomers, QVC watchers and mail order customers, and suffered as a result.**

Idea VII: Revision Satisfaction to Exceptionally Exquisite and/or Ravishingly Beautiful

Eighth is realize that in a world where 12,000 new products and services are introduced each year, exceptionally exquisite products and services are winners. Such products and service don't just satisfy customers. They arrest and dazzle them.

Cult of Mediocrity. **Bureaucracy, MBAs, scientific management and mass production have created the cult of mediocrity. Richard Saunders Technologies, for example, randomly assessed the more than 15,000 new grocery shelf products. The firm presented more than fifty percent including those by P&G, Sterling Winthrop and Faberge with a D or F for new or different. The majority of new grocery store products are line extensions. And, 90% are likely to fail.**

Dazzling is unique, well-formed and stunning products, services and spaces. Uniqueness doesn't have to be amazing. It maybe simple differences that make differences. Zanes' Cycles coffee bar and play area illustrates uniqueness in and well formed, aesthetic sensitive, space amongst independent cycle dealers.

Stunning products can be as mundane as steak. Outback Restaurants menu was developed by a chef. They use fresh not frozen chickens. Salad dressings are made from imported Italian oils. Everything is made from scratch. The beef is secured from a special supplier who, in turn, seeks out the world's best beef. All these are aesthetically sensitive. They taste good. They pleasure the taste buds and are a sensuous dinning experience.

Apple Computer, Northern Telecom and Thomson Consumer Electronics devoted considerable resources toward creating "well formed" products. The PowerBook, System Link, a universal remote control and the Vista 250/350 modular phones are illustrations. All have been formed to enhance the pleasurable feel of use. Approximately half of an Outback restaurant floor space is devoted to cooking to enhance serving logistics. The spatial design improves serving time and creates a pleasant work environ.

Idea VIII: Imagination and Knowledge Rules

Ninth, capitalism is no more. Says Judy Lewent, Merck & CO.'s CFO, "The accounting system doesn't capture anything real." Rob Patterson, a Canadian Imperial Bank of Commerce vice president, states, "These days it's the value of the fixed assets that can vanish overnight."

Imagination and mind rule the world. And imagination and mind, knowledge creation and application, isn't limited to high tech and professional firms. Service firms such as Disney, Marriot, British Airways, and Rosenbluth Travel are revisioning front-line employees from "tayloralized clogs" to smart workers. Springfield Remanufacturing Jack Stack may sing capitalism praises. However, Springfield's business success doesn't raising from capital but from developing a knowledge creating and smart workforce.

Idea IX: Support Customer Hand Holding, Maintaining and Massaging

Tenth is provide good maintenance services. The idea is from the French root's teneo, keep or as entertain, and main, hand. In other words, good maintenance services literally involve engaging in "hand holding."Apple Computer and Microsoft provides an 800 number for purchasers to call when experiencing difficulties.

Hand holding suggests the importance of people using their hands. Unfortunately, hands on people are usually not held in high esteem. Hand holding suggests this needs to be revisioned. Maintenance workers aren't looked down on. In fact, they are perceived as providing a valued service for maintaining. Virgin Atlantic Air, for example, provides business travelers with limo service to and from home and hotel. Drivers are professionals. And, they are engaged in hand holding. At Ritz-Carlton, a maid, maintenance person, can spend up to $2000. on the spot to address a guest's problem.

Finally, maintenance implies "hands on." Virgin Atlantic's massaging of customers during trans Atlantic flights. The return to the "touch" and warmth of medicine, not the high tech testing and HMO cost control. Hand on implies leadership that gets its hand's dirt. The image is the

activist executive who works with people in the field and on the shop floor to solve problems, Colin Marshall traveling and talking with customers and Richard Branson hugging flight attendance during celebrations.

Idea X: Use High Tech to Support High Touch & Value Added

The final idea is recognize using "high tech" to reduce costs and to increase profits can't replace "high touch." Such technologies are cold, dull and dehumanizing. Customers are rejecting them. High tech travel ticket machine, for example, has been a dismal failure in Europe because customers want human "high touch" and intelligence. High tech dating services haven't enhance romance and trust. They provide additional control and isolation arising form the culture of distrust.

Bissett Nursery Corporation has used technology to enhance customer value. In fact, Bissett is generating wealth for customers. Bissett uses imaging technology to provide customers with computer generated image of their clients' homes when completed. Says Jay Ratto, a customer, of client reaction, they're "completely wowed." Ratto has tripled residential sales. Bissett also provides customers with market information and product acquisition data that support them in financial and cash flow planning.

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