

Good Customer Service Is Simple

Olin Thompson - November 26, 2010

Outstanding customer service is a competitive advantage. Most companies salute good customer service as a key objective. But in its simplest form, what is good customer service?

Customer Service—A Simple Definition

Customer service means meeting your customer's expectations. That means you and your customer need to have a mutual understanding of what is expected and you have to deliver on that expectation. The expectation can be very high or very low; the point is that you do not disappoint your customers relative to their expectations.

I sometimes shop at a local discount store. The goods are not high quality, the store is far from clean, I get little or no assistance from the store's staff, but the prices are great. The last point defines my expectations; they have consistently great prices, so I like the store—they meet my expectations. I also go to a very nice restaurant in my neighborhood. The waiters wear tuxedos, the food is fantastic, my water glass is never empty, they call me by my first name, and it is very expensive. My expectations for this restaurant are very high. If they fail to meet my high expectations, I am not a happy customer. My expectations for these two establishments are very different, but in both cases, I measure my satisfaction against my expectations.

What do your customers expect from you? How do you know? That's simple, too: you ask them. If their expectations are different from yours, there's a problem. It is very important that you have a mutual understanding. This often means managing the customers' expectations. If they have expectations that you know you cannot meet, tell them that you cannot. In both the short and long term, any mismatch in expectations leads to a poor relationship—and you may lose a customer.

Who should talk to the customer about expectations? Of course, you have sales people or customer service representatives talking to the customer on a frequent basis. But they are frequently focused on people in the buying department. You need a broader view of the customer's expectations. Your engineers should talk to their engineers, your quality people to their quality people, and your executives to their executives. Talk to many people. The greater the interaction, the better the mutual understanding and the greater your ability to deliver great customer service.

Here's a tip: your largest customers are typically the most demanding, but they are also trendsetters. What they expect today, others will expect in the future. Your largest customers usually have a more formal statement of their expectations, making it easier for you to meet those expectations.

What Do Your Customers Expect?

In customer service, there are two essential rules:

1. Make promises you can keep.
2. Keep the promises you make.

If you go along with your customers' expectations, you have made a promise to meet them. This sounds—and is—very basic. The tests of customer service are the many interactions that happen every day—deliveries, invoices, returns, price quotes, and many others. Every interaction is an opportunity to build or tear down customer satisfaction. If you say you are going to deliver at 10:00 AM, be at the dock at 10:00 AM. If you say you will call at 3:00 PM, call at 3:00 PM.

If you interviewed a large segment of your customers about their expectations, you would get a wide variety of responses. Reducing their expectations to a few basic issues, you would do well to abide by the following requirements:

Be Dependable—Being dependable means being consistent. Your customer has to be confident that you will always keep your promises. Of course, things happen (it does snow in winter, for example), and when you cannot keep a promise, they expect to learn about the problem as early as possible so they can adjust accordingly. They need to trust that you will notify them as soon as possible. Being dependable also means being predictable. If a need or problem arises on their side of an interaction, they want to be able to predict what you will do. Predictability is built upon having a consistent history and mutual understanding.

Be Easy to Do Business With—Being easy to do business with is a competitive advantage. Customers will actually pay more for a vendor who is easy to do business with. The administrative issues must work and work well. You do not want to be an exception to their normal business processes. Meet with other people than the buyers to understand how you can make their life easier. For example, should an advance shipping notice be sorted by your item number, their item number, the same sequence as on the purchase order, or some other sequence? Using the right sequence can save them time, money, and aggravation. Asking them about the sequence lets them know you care about being easy to do business with.

Be a Long-term Supplier—Switching suppliers is difficult. Your customers would rather keep you as a long-term supplier than have to switch. They need you to continue to meet their changing needs in the future, be it the type of products you supply, or the quality standards you adhere to, or the business processes you use. They also expect you to continue to be sound financially. That means they expect and want you to make a fair profit. What constitutes “fair profit” is up for debate, but they need you to be profitable for their long-term health.

What about Exceeding Your Customer's Expectations?

We often hear that a company has a strategy of exceeding customer expectations. As a general statement, exceeding your customer's expectations is good, but not always. Exceeding expectations is good only if it is meaningful to the customer. Let's look at an example where exceeding customer expectations had no impact and even some negative impact.

A chemical company decided that quality was very important. They therefore tightened their specifications for certain products. But these products were used by many customers, and those customers had engineered their production processes around the original specifications. For many, the tighter specifications were meaningless. As long as the product met the original standards, their production processes continued to work, and the customers did not even realize that the new specs were tighter. For some customers, the tighter specs caused some production problems, and they had to do some engineering to account for the tighter specs. The chemical company saw tighter specs as an improvement to customer service, but it had no impact on most customers and a negative impact on a few. If the customer does not see value in the “improved customer service,” it is not an improvement. Changes in any direction can have unforeseen consequences.

The Role of Systems

At a tactical level, making promises you can keep and keeping those promises is enabled by internal systems. We stated that good customer service means making promises you can keep. To make these promises, your systems need to predict what you can and cannot do; if you cannot meet a customer's request, your systems need to give you the information to manage that request. If a customer needs a delivery on a specific day, your systems need to tell you if you can make that date. If you cannot make that date, the systems should tell you when you can and what you need to do to make it happen.

Your customers want consistency. Good systems have well-defined business processes that produce consistent results. They even have well-defined processes for exceptions.

An investment in standard business processes is an investment in customer service.

Summary

Good customer service is simple. Your customers have expectations, and if you meet those expectations, you are doing a good job. The key to good customer service is a mutual understanding with your customers on what they should expect. If they have higher expectations than you can deliver, they will be dissatisfied; you may lose a customer, or go from being a preferred supplier to an occasional supplier. If they have lower expectations, you may have an easier job of meeting them, but you are also at risk of being replaced by a supplier who will provide better service.

About the Author

Olin Thompson is a principal of Process ERP Partners. He has more than 35 years' experience as an executive in the software industry with a focus in process industry-related ERP, SCP, and e-business-related segments. Olin has been called "the father of process ERP." He is a frequent author and an award-winning speaker on topics of gaining value, including ERP, SCP, e-commerce, and the impact of technology on industry. He currently provides consulting services to both end user and supplier organizations. He can be reached at OT@Process-ERP.com.

