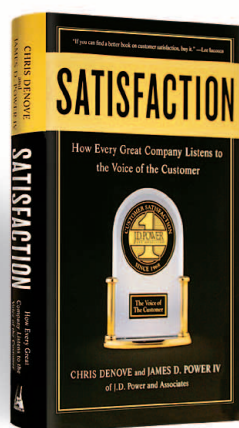


SOUNDVIEW Executive Book Summaries®



By Chris Denove and James D. Power IV of J.D. Power and Associates

CONTENTS

Show Me the Money

Pages 2, 3

Loyalty and Other Ways Satisfaction Drives Profits

Page 3

The Good, the Bad and the Advocates

Pages 3, 4

Different Companies, Different Touchpoints

Pages 4, 5

Promises, Promises

Page 5

A Message From the Top

Pages 5, 6

Hitting the Jackpot From the Bottom Up

Pages 6, 7

The Internet: The New Water Cooler

Page 7

Voice of the Customer

Page 8

How Every Great Company Listens to the Voice of the Customer

SATISFACTION

THE SUMMARY IN BRIEF

Despite their rhetoric, most organizations have not made a significant and sustained commitment to customer satisfaction. This lack of attention to customer satisfaction costs companies money because there is an intractable connection between high levels of customer satisfaction and increased shareholder value.

For nearly four decades, J.D. Power and Associates has been measuring customer satisfaction and helping businesses improve profits by paying attention to what customers really want. Their annual awards are widely publicized and valued worldwide for what they say about a company's commitment to its customers. Now, the company has created a definitive guide on how to boost profits by increasing customer satisfaction.

Although most businesses pay lip service to putting customers first, few actually listen to the voice of the customer and use it as a tangible asset. In this summary, J.D. Power and Associates provides an insider's perspective on some of the most successful companies in the world.

This summary opens the vaults on years of J.D. Power data, quantifying the elusive links between satisfaction, customer loyalty, market share and profits. It provides extensive coverage of the varying touchpoints of customer satisfaction and shows companies in detail how to make a commitment to consumers at the highest levels and translate this commitment into strategies and practices.

In addition, you will also learn:

- ✓ *How satisfied customers translate into profitable business.*
- ✓ *How to reap the rewards that come when businesses truly put the customer first.*
- ✓ *How the voice of the customer has been transformed by the Internet and the availability of knowledge into a power broker.*
- ✓ *How to improve customer satisfaction levels.*
- ✓ *How the customer's voice is louder and clearer than ever and attention must be paid to them.*
- ✓ *How customer satisfaction is a moving target.*
- ✓ *How the customer has changed throughout the last decade.*

SATISFACTION

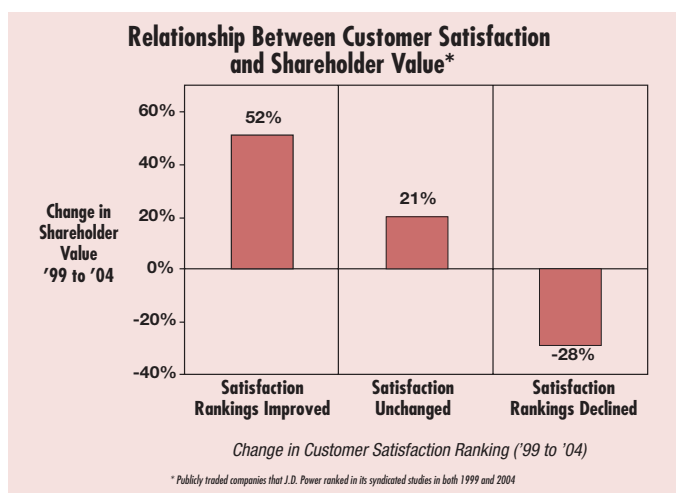
by Chris Denove and James D. Power IV of J.D. Power and Associates

— THE COMPLETE SUMMARY

Show Me the Money

Anecdotal evidence abounds to support the theory that high customer satisfaction is important, but most chief executives need more than a good story to prod them into action. When it comes to spending on intangibles like customer satisfaction, CEOs inevitably return to that memorable line from the film *Jerry Maguire*: “Show me the money!”

Unless customer satisfaction pays off in the form of increased profits, it is nothing more than a buzzword destined to be cast out among a long list of business theories that came before it. The literal bottom line is shareholder value.



The Relationship Between Satisfaction and Shareholder Value

The relationship between customer satisfaction and a desirable business outcome isn't just visible, it's paramount! To illustrate this point, publicly traded companies were divided into three groups; those whose customer satisfaction ranking over a five year period: 1) improved, 2) declined, or 3) stayed the same. The companies that improved customer satisfaction more than doubled their shareholder value! And those whose rank declined lost more than a fourth of their value.

More importantly, we've found this same relationship in nearly every industry. The automotive brands with the highest customer satisfaction have grown sales and market share faster, while at the same time are able to charge a price premium over their competitors. High-

satisfaction insurance companies not only have higher renewal rates, they grow faster. The list goes on and on.

But, before a company can use customer satisfaction as a tool to drive profitability, it must understand what customer satisfaction is and isn't. Customer satisfaction is not a goal in itself, for customer satisfaction is only important because it drives buyer behavior. It's a simple formula, but one that is often misunderstood. Your company does something (modifies a product, policy or procedure). This change impacts the customer experience (i.e., customer satisfaction), which in turn impacts purchase behavior. This is important, because behavior is key, not feelings.

You Can Lead a Horse to Water

Here are two simple truths:

- No organization will improve customer satisfaction unless it truly *wants* to.
- No company will want to make the commitment to improve until it sees the link between customer satisfaction and the bottom line.

We are all customers and we all yearn for the same thing in our daily encounters: courtesy, efficiency, empathy and, if we're lucky, a genuine smile. Unfortunately, too few companies have a sustained commitment to improving customer satisfaction because they do not see the link between satisfaction and profits.

(continued on page 3)

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J.D. Power and Associates, founded in 1968, is a global-marketing information firm that conducts independent and unbiased surveys of customer satisfaction, product quality and buyer behavior for many industries. J.D. Power and Associates is a business unit of the McGraw-Hill Companies.

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Show Me the Money

(continued from page 2)

For this reason, one of the first things we try to help clients understand is how customer satisfaction is likely to impact their bottom line. ■

Loyalty and the Other Ways Satisfaction Drives Profits

Loyalty is the most obvious link between customer satisfaction and profits. Across all industries, research shows that satisfied customers are in fact more likely to return. But customer satisfaction is only one of many factors that determine actual loyalty. Factors such as the number of available competitors, the amount of information about those competitors, and the ease of switching to a different company all impact the loyalty rate.

Therefore, before you assess how important customer satisfaction is to the loyalty of your customers, it is imperative you consider these other influencing factors. But, research shows that even in a near monopolistic industry, dissatisfied customers will find an alternative to doing business with low-satisfaction companies. Just take DirecTV, a company that found a waiting audience largely because consumers had become fed up with cable companies that treated them poorly, knowing customers had nowhere else to turn.

In addition to paying more for brands that offer great customer satisfaction, consumers entrust those brands with a greater share of their wallet.

Other Benefits to Great Customer Satisfaction

Loyalty is only one of the ways that customer satisfaction drives profits. J.D. Power and Associates' research shows that consumers will pay a hefty price premium to do business with a company that has a reputation for delivering high levels of customer satisfaction. This even holds true where the choices are otherwise objectively similar. Not only will satisfied customers pay more to do business with you, they will give you a higher share of their wallet. This is important, because across most industries consumers spread their business across multiple companies.

Word of mouth is another key benefit to having satisfied customers. Research shows that your most satisfied customers go out of their way to actively try to convince others to do business with you. Unfortunately, dissatisfied customers make it a point to tell others to stay away, and dissatisfied customers are significantly more vocal. ■

For additional information on loyalty, customer satisfaction and DirecTV go to: <http://mj.summarj.com>

Customer Satisfaction Across Branch Locations

Companies that touch their customers through multiple locations or branches have the additional challenge of maintaining a consistent customer experience across branches. This is more challenging than it may seem because research shows that over time, each branch develops its own personality, which is why the customer satisfaction of individual branches varies significantly. This is true even among the highest-rated companies.

Customer Satisfaction and Branch Performance

Enterprise Rent-A-Car has more than 60,000 employees and came from almost nowhere to become the largest rental car company in North America, and arguably the world. The company managed its growth by giving each branch manager tremendous autonomy. Each manager has very specific targets, both in terms of profits and customer satisfaction, but how a manager reaches those targets is left up to the individual. In this way the individual branch managers operate as entrepreneurs running their own small businesses.

Unfortunately, Enterprise found there were significant differences in the customer satisfaction of each of its branches. But, what the company really found intriguing was that there was a close relationship between each branch's satisfaction and its profitability. To Enterprise the message was clear: Narrow the performance gap between each branch and overall customer satisfaction will improve. As a result, Enterprise began focusing on the special needs of its lowest performing branches while allowing its top performers to continue doing what they do best.

The result was impressive. By fixing their lower performing branches, Enterprise not only raised its national satisfaction scores, but increased profitability in the process. To prove the point, consider that Enterprise consistently earns J.D. Power and Associates' award for rental car satisfaction.

This same relationship has been measured across a wide range of industries from automobile dealerships to insurance agencies. Maximizing customer satisfaction while minimizing the variance between branches is a key driver of success. ■

The Good, the Bad and the Advocates

Every company's customers can be divided into three categories: 1) Advocates, 2) Apathetics and 3) Assassins. Advocates will do anything to do business with you; they will travel farther, pay more and offer copious amounts of free advertising. Assassins, by comparison, will suffer inconveniences just to avoid doing business with you again; and they'll do everything in their power to make

(continued on page 4)

The Good, the Bad and the Advocates

(continued from page 3)

sure everyone around them feels the same way.

Apathetics, which statistically make up the largest group, are not necessarily dissatisfied, but just don't feel the same bond or commitment as advocates. As a result, apathetics will continue to do business with you as long as someone doesn't come around with a better offer — which in today's environment is just about every day.

No company can have all advocates, just as no company can avoid finding itself in the crosshairs of the occasional assassin. The key is to maximize the number of the former while minimizing the latter. This, however, does not mean that companies should do everything within their power to make customers as happy as possible. To do so isn't cost effective. Companies must learn to evaluate customer satisfaction in the same way they evaluate capital investments. This is called “analyzing the ROI of CSI,” and it holds the key to making customer satisfaction work for you.

ROI of CSI (return on investment to any customer satisfaction initiative) is analogous to how economists analyze supply and demand to determine optimal pricing strategies: What is the optimal wait time for a customer in a call center, the optimal grade of leather for a car seat, the optimal content of an airline meal?

The Ritz Carlton and Motel 6

In the eyes of the customer, best is always better than good. Providing the best, however, just isn't always economically feasible. Not every company can be The Ritz-Carlton; someone has to be the Holiday Inn, and someone even needs to be Motel 6. You just need to balance the financial benefits of any action against the cost.

Just because you're Motel 6 doesn't mean that you shouldn't spend money to improve customer satisfaction. You may find that providing coffee and donuts in the morning is cheap compared to the resulting increase in satisfaction, but that installing down comforters in every room is not. The analysis required to properly make these decisions isn't that difficult; it just requires looking at things a different way:

- **Determine how a change will impact the way your customers feel about your products or services.**

- **Determine how the resulting change in customer satisfaction will impact how your customers behave.**

Profit-Generating Behavior

The mistake companies make is that they balance the cost of an initiative against the technical benefit — reduced waiting time in the call center queue — instead of measuring the cost against the increase in customer satisfaction (and ultimately how increased satisfaction will impact profits). The problem is that some benefits, while appearing to be objectively significant, may have only a

Too Much of a Good Thing

Our satisfaction with a product or service is a function of two separate factors:

- ✓ **Our expectations going into a business encounter.**

- ✓ **The actual experience itself.**

The fact that expectations play such an important role in determining customer satisfaction carries numerous important ramifications for businesses:

Consumers have learned to continually expect more, which means that customer satisfaction is a moving target. Standing still is not an option.

Consumers have heightened expectations for each touchpoint. It is not enough to improve product quality; companies must also offer exciting new features and better service.

Today's “wow” factor is tomorrow's standard equipment. A company can gain a short-term bump in customer satisfaction and sales by introducing a new service or product feature, but soon enough the competition will introduce the same or better.

limited effect on satisfaction and behavior. The key is getting the most bang for your customer satisfaction buck. ■

Different Companies, Different Touchpoints

Although the relationship between customer satisfaction and profits holds true for every type of business, different types of companies touch (i.e., satisfy) their customers in different ways. To illustrate this point, consider three broad categories of companies: 1) service providers, 2) product manufacturers and 3) retailers.

Service Providers

When evaluating customer satisfaction with a service provider, it is critical to differentiate between the tangible quality of the service provided and satisfaction with how the service was provided. In the cases of doctors, this can be thought of as the distinction between the medical outcome and the doctor's bedside manner.

Mike Diamond is an entrepreneurial plumber who found that the way he went about his business impacted his customers more than the quality of his work. This is because the technical skill of most plumbers is quite similar. Diamond, who grew from one truck to become the largest residential plumbing contractor in Los Angeles, used this information to create his now famous “Smell Good” campaign. When his plumbers check in with their supervisors each morning, they must be clean-shaven, well-groomed and showered or they don't go out that day.

(continued on page 5)

Different Companies, Different Touchpoints

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If the customer detects an odor, the service call is free.

The formula to success for other service providers may be very different, especially if there are large differences in the technical quality of the services provided. The winners find the right targets by listening to their customers, evaluating each touchpoint and deciding which will have the greatest impact on customer satisfaction – in other words, which will ultimately determine buying behavior. And once they find their target, they don't hesitate to muster their resources, take aim and fire.

Product Manufacturers

For product manufacturers there are two primary touchpoints: 1) produce execution, and 2) product quality. Although both are important, they are completely independent. A company may do great on one, but terrible on the other. For example, an automaker may have great execution (design, features, performance), but the quality is so poor that you need to be on a first name basis with your mechanic.

Which is more important? It depends. The answer is different for each type of product, and may be different for each customer. The key is listening to the voice of your customer so that you are able to hit the right target on both, or at least focus on the one that drives behavior.

Some products have secondary touchpoints for the sales and service experience. The sales experience comes into play when the company is in control of its own distribution, such as Dell Computers. The service experience can be critical to customer satisfaction, but only applies to those more complex products that are actually serviced, as opposed to simply being thrown away when they cease operating.

Retailers

When choosing a retailer, every consumer evaluates four key factors before coming to a decision: location, availability, price and shopping experience. The first three factors are easy to define. The fourth factor – the shopping experience – is more difficult to define, let alone quantify. Yet the shopping experience – or your expectation of what you believe the shopping experience will be like – can be the most critical factor in choosing where to shop.

The shopping experience is itself broken down into three individual touchpoints:

- Ambiance of the physical facility
- Interpersonal experience
- Store policies (returns, exchanges, hours, etc.)

It is from these three touchpoints that our customer satisfaction with a retailer is primarily defined. It should be noted that price, inventory and location play a significant

role in deciding which retailers to visit, but have only a relatively minor impact on customer satisfaction. ■

For additional information on Lexus and Customer Satisfaction, go to: <http://my.summary.com>

Promises, Promises

One surefire way to send your customer satisfaction scores plummeting is to overpromise and underdeliver. In a society overwhelmed by ceaseless marketing messages and unremitting hype, consumers have become wary of unfulfilled promises that dash their expectations.

Broken promises can occur because of many things. On one end of the spectrum there is company sponsored deceit, most often resulting from sales pitches that mislead the customer. J.D. Power and Associates found that the companies that earn the top spots in studies refuse to mortgage their future and their reputations for a short-term bump in sales. These companies are very clear that short-term profits are meaningless if they come at the expense of a hard-earned spotless reputation.

The more innocent (and more common) broken promise is the one made with the intention — or at least the hope — that it will be fulfilled. These “best-case scenario promises” are promises that are likely to be broken because there will always be some little glitch that throws the schedule off kilter.

Companies need to learn how to avoid making best-case promises. To do this, they first need to address the reasons these promises occur in the first place. Is there a breakdown in processes, or is it simply the result of employees who avoid conflict by telling the customer what he or she wants to hear?

To avoid best-case scenario promises, just don't do it! Train your people to be conservative in their commitments. As Larry Kellner, the current CEO of Continental, says, “When you don't know something, tell the customer you don't know.” ■

A Message From the Top

On August 24, 1987, Toyota announced the unthinkable. It would create Lexus, an entirely new division dedicated to building and selling what they said would be the best luxury vehicles in the world. The German car companies scoffed, “How could a Japanese economy car maker possibly sell a luxury vehicle?”

The cars sold well initially, but a few months into the program the one thing happened that Lexus feared most: A couple cars began to experience a problem. It seems that two customers in different parts of the country complained about a glitch in the cruise control.

Lexus faced a decision. It could quietly fix those two

(continued on page 6)

cars and wait to see whether others surfaced with similar problems. Or, it could issue a recall and let the world know that Lexus engineers were human after all. Since Lexus was counting on its dealers to deliver a level of service head and shoulders above other automotive brands, it decided to set an example, one that is still talked about among automotive insiders today.

The Meaning of Luxury

Lexus recalled every LS 400 it sold. But, the real story was how they handled the recall. Every notice included an apology letter from the company, and even a promise that if needed, the dealer would come to the customers home, pick up the vehicle, and deliver it back completely washed and with a full tank of gas.

We believe this recall marked the day that Lexus was truly born, and not the day it sold its first car. This is because the recall was the day that Lexus showed the world the real meaning of luxury, to be customer-focused. And they haven't stopped since. At one point or another Lexus has won nearly every J.D. Power and Associates' award. And they've done it with a commitment to customer satisfaction in both words and actions that theirs is a company that will not compromise. Lexus doesn't hesitate to spend resources today knowing that it may be years before that investment is fully recouped.

In the quest for turning the merely satisfied into advocates, the winners understand a few critical truths:

- **Customer satisfaction must become an integral part of the corporate culture.**
- **Companies can't just mouth the words, they have to sing the song ... loudly.**
- **Employees must understand that the customer satisfaction push is not just a passing phase; it is here to stay.**
- **Financial as well as strategic decisions must be made based on generating long-term customer satisfaction, even at the expense of short-term profits.**
- **The customer satisfaction commitment flows like a waterfall from the top.**

The single biggest reason customer initiatives fail at most companies is the fact that employees do not believe that management is fully committed to the concept. ■

Hitting the Jackpot From the Bottom Up

For the 1,500 residents of Jackpot, Nev., gambling is not only the town's lifeline and economic foundation, it is the reason Jackpot exists. And at the center of it stands Cactus Petes with five restaurants and 26,000 square feet of casino space. Cactus Petes is not only Jackpot's largest casino, it is the birthplace of its parent company, Ameristar Casinos.

According to the property's management, the secret to

Cactus Petes success is providing an atmosphere that is so outwardly friendly that no one would ever confuse the experience with a traditional Vegas-style casino. It is a level of service so friendly that it not only is visible on the surveys that Ameristar conducts every month, but is immediately apparent to anyone who walks through the door. In contrast to most casinos, Ameristar encourages its dealers to engage their customers in conversation, to get to know customers by their first names and to create an atmosphere akin to a popular neighborhood bar.

The Blackjack Experiment

By encouraging dealers to interact with customers, the blackjack tables at Cactus Petes become a Petri dish for testing a key principle; customer satisfaction not only requires a consistent commitment from management, but that the real heavy lifting is done by the employees who interact with customers on a daily basis.

This simple principle holds true for any customer encounter. Management can do everything within its power to establish processes designed to maximize efficiency and customer satisfaction, but all its efforts will evaporate if a customer encounters a rude employee charged with carrying out those processes (or an employee who is only going through the motions).

Our research finds that the companies who score highest in our surveys pay fanatical attention to hiring employees who are naturally wired to interact well with others. This compares to most companies that focus more on finding the cheapest labor capable of performing the technical aspects of the job, which in the case of most lower level customer facing positions, isn't too difficult.

The reason that more companies don't focus on personality is simple; the monetary value of a great personality is difficult to measure. In preparation for this book, an attempt was made to calculate the present value of an engaging personality with an experiment using two blackjack tables at Cactus Petes. One table featured gregarious dealers who went out of their way to engage customers in friendly banter. The other table featured a typical no-nonsense Las Vegas-style dealer who, although polite, was anything but outgoing.

While most casinos don't have anything against outgoing personalities per se, the concern is that idle chatter will slow down the pace of play, and fewer hands means less revenue. Our hypothesis was that although the pace of play might be a little slower, more players would be attracted to the party atmosphere created by a gregarious dealer, and maybe even play a little longer and bet a little more.

After the final hand was dealt and the money counted, the interactive table dropped 13 percent more player cash into the casino's coffers than the traditional table. This is just one of many pieces of evidence that one of the most

(continued on page 7)

Hitting the Jackpot

(continued from page 6)

cost effective ways to improve customer satisfaction and revenues is to make sure your customers encounter employees who are as focused on their experience as they are with the technical aspects of the job. ■

Trusting Employees to Do the Right Thing

Once a company makes the effort to hire employees who are wired to care about their customers, it must take a step back and give those employees the freedom to do the right thing. Empowerment, it seems, is another one of the fundamental differences that set apart the companies that earn J.D. Power and Associates awards.

For small companies, empowerment is a scary proposition. Small business owners who have always managed the details of their operations find it difficult to give up control. Large corporations also find it difficult to empower lower level employees, preferring instead to centralize control over decision making within management.

If a company is to become a customer satisfaction leader it must learn to trust its employees to make the right decision, even if those decisions allow employees to open up the company's checkbook. Not only do the customer satisfaction leaders such as Nordstrom give great freedom to lower level employees, but research shows that frustration over "red tape" and "hoops" to get a question answered or problem resolved is a very common cause of customer dissatisfaction.

Research also shows that companies need not be overly concerned that empowered employees will run amok and give away the store. In fact, companies interviewed for the book said that their biggest challenge is getting

Four Keys of Successful Hiring

Companies with top satisfaction surveys have hiring policies founded on the following key tenets:

1. They focus on personality rather than the technical skills of the potential employee with whom their customers will spend most of the time.
2. When necessary, they will pay above market average sometimes well above – to attract the absolute best candidates from which to choose.
3. They attract career-minded individuals who will care about the long-term satisfaction of their customers by making it widely known they are a company that believes in promoting from within.
4. They search out creative employee benefits that create a more desirable working environment.

their employees to freely use the power granted to them.

Listen to Complaints

Too many well meaning companies take the easy way out by trying to buy their way out of a bad situation. Don't just automatically offer a \$25 gift certificate to every customer who walks up with a legitimate beef. Take the time to really listen to your customers when they complain. Sure, for many customers the correct, and perhaps only, course of action is to incur the cost to make the problem go away. But, for others, by listening and trying to find the root cause of their discomfort, you will not only be able to do a better job of building advocacy, you may be able to save money in the process. ■

For additional information on turning bad customer encounters into wins, go to: <http://my.summary.com>

The Internet: The New Water Cooler

In the past a typical consumer's influence was limited to family members and a small circle of friends and co-workers. Not so today. The Internet gives every consumer immediate access to a worldwide audience. But, what really makes the Internet so important is that more and more consumers are turning to it for help in making purchase decisions.

It used to be that people only searched the Web for information about high ticket items like cars. Today, consumers turn to the Internet for advice on all types of goods and services from what restaurant will provide the right atmosphere for a romantic anniversary dinner to which movie to see.

The Internet has something for every consumer. Some turn to professional review sites that provide expert opinions about which products are best. Others prefer to go to sites that allow them to read about the experiences of others just like themselves. Whichever type of site they go to, the result is the same; companies are losing control of their ability to manage their own image. A company can shout about its great quality until it's blue in the face, but if they don't back it up in fact, the truth will quickly come out online.

The Internet impacts purchases in two ways. For some it is a tool of exclusion. Once a customer establishes a consideration set of alternate choices, they go online to narrow their decision. But, the Internet is also becoming a tool of inclusion whereby prospective customers go online to find out about possible alternatives they may not have been aware of previously. Whichever avenue your customers take, one thing is certain. Because of the Internet's unique ability to pass along information, it is more important than ever that companies satisfy their customers. If they don't, everyone will know. ■

Building a Community

High-satisfaction organizations build communities by embracing a few crucial rules:

- ✓ Never underestimate the emotional power of human nature and the desire to belong.
- ✓ Reach out to your customers and don't wait for them to contact you.
- ✓ If the product or service quality fails to consistently meet its own high standards, the community will dissipate faster than it was formed.
- ✓ Building a sense of community does not require formal clubs and mandatory joining.

To illustrate this last point, consider JetBlue. Once the pilots complete their post-flight checklists, they climb out of the cockpit to help the flight attendants clean up the plane. By taking on these tasks, JetBlue cut costly maintenance crews and showed that every employee plays for the same team.

Manage the Store, Not the Score

As companies place more focus on customer satisfaction, their employees sometimes lose focus on the real goal (building customer advocates) and focus instead on the messenger (the surveys and their resulting scores). This is called, “managing the score instead of the store,” and it is becoming a very real problem at many companies.

When your employees become too concerned with their customer satisfaction score, they take their eyes off of the real goal. In addition, they are tempted to pester customers to answer surveys in a favorable way. This results in just the opposite of what you were after when you began surveying your customers; frustrating the very people you were trying to satisfy.

To avoid this problem, make sure your employees understand the real goal. It is also important to be careful how you provide incentives to employees for customer satisfaction. Take precautions to avoid tools and programs that are easy to manipulate. ■

For additional information on managing the store, not the score, go to: <http://my.summary.com>

Voice of the Customer

Thus far this book has discussed many of the key differences that separate leading customer satisfaction companies from the pack. Attributes such as a commitment from the top, focus on hiring employees with great personalities and empowering employees to do the right thing are all important. But, there is one more thing the leading customer satisfaction companies have in common; something that serves as a fabric that ties everything together. Great companies incorporate the voice of the customer in everything they do from product design to service delivery.

There are two critical elements required to achieve that level of greatness. The first is information. In today's competitive business environment, information serves as the fuel that powers the customer satisfaction machine. Does your company possess the information to answer each of the following questions?

- Do you know how satisfied your customers are relative to those of your competitors?
- Do you measure how well each individual branch or department satisfies its customers?
- Do you understand your customers' needs?
- Do you know exactly how closely customer satisfaction is tied to your bottom line?

But, even if your company collects the right information, it needs to have an infrastructure in place to analyze the information it collects, and then make sure that it gets into the hands of those who need it to make decisions. This may sound obvious, but this is an area in which many otherwise great companies fail.

To illustrate the point, consider the number of times that J.D. Power and Associates has received a frantic telephone call from a client asking for an immediate customer study, only to be told that the firm already delivered a similar study to someone else at the company a few months ago. Too much valuable information sits unused simply because the company lacks an effective VOC (Voice Of the Consumer) infrastructure.

And finally, companies must trust the voice of their customers by acting on what its customers are trying to say. Some of the biggest marketing blunders in history are the result of companies thinking they know what's right for their customers, even when their customers are doing everything possible to tell them to go in another direction. Ford's ill-fated Edsel is one of the more notorious examples.

Conclusion

Corporate profits are directly correlated to customer satisfaction. When it comes to your customers, perception is reality, and ultimately your company is nothing more than what your customers say it is. ■



If you liked *Satisfaction* you'll also like:

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2. ***The Ultimate Question*** by Fred Reichheld. Most people appreciate the importance of customer satisfaction in business. This book takes the idea to extremes.
3. ***Hard Facts, Dangerous Half-Truths and Total Nonsense*** by Jeffrey Pfeffer and Robert I. Sutton. Analyzing modern management practices using surveys and studies, these authors debunk the common protocols.
4. ***Managing Customers as Investments*** by Sunil Gupta and Donald Lehmann. Gupta and Lehmann bring together the customer and financial views of marketing.
5. ***Small Giants*** by Bo Burlingham. There are many excellent, privately held companies marching to the beat of a different drum.