

**RECORD OF SOCIETY OF ACTUARIES  
1990 VOL. 16 NO. 1**

**CUSTOMER-DRIVEN SERVICE:  
IT DOES MAKE A DIFFERENCE**

Leader: ALLAN D. AFFLECK  
Speaker: TONY ALESSANDRA\*

MR. ALLAN D. AFFLECK: It is my pleasure to introduce our luncheon speaker. Dr. Tony Alessandra brings to the speaker's platform many years of practical sales, management and communications experience combined with a strong educational background. He holds a Ph.D. in marketing from Georgia State University. In 1985, Dr. Alessandra received the CPAE award, the highest honor a speaker can receive, from the National Speakers' Association. I understand that only 80 people currently hold this designation worldwide. In the past year or two he has made many presentations on the theme of quality service with the belief that an organization can change its focus from an operations viewpoint to a service viewpoint. Tony was a guest speaker with us two years ago at our Anaheim meeting, and it's a pleasure to have him here again.

DR. TONY ALESSANDRA: Let me begin by asking you a question. What is the function of every business? I can ask a hundred groups that question, and I'll get the same answer, which is to make a profit. Making a profit is actually not the function of business. Making a profit is the ultimate goal of business. The function of business and the function of every single employee in a business is to get and to keep customers, to acquire and maintain customers, and that's what everybody should be focusing on -- how to get and how to keep customers. I liken the two between the goal and the function of, let's say, a baseball team. The goal of a baseball team is to win, but each individual player's function is to get ahead or to get on base or to steal a base or to catch or pitch, and the better able they are to do the little things, the more likely they will achieve their goal which is to win a game. Likewise, in a business organization when every individual is focusing on simply to make a profit, when they believe their function is to make a profit, what they start doing is taking shortcuts and start making decisions that actually prevent them from making a profit. When people confuse the goal and the function, the goal being to make a profit, the function being to get and keep customers, when they confuse the two, it's the same difference as being operations thinking versus marketing thinking, being operations oriented and operations driven versus customer driven.

Let's look at the two here. Operations versus marketing thinking. Now, this is different than saying that we have an operations department or a marketing department. I have found that many operations-oriented people think like a marketing person or think marketing, think customer, and there are many marketing people who have an operations-thinking attitude. Now, here's the difference. Operations thinking tends to be introverted. Marketing thinking tends to be extroverted. When I say introverted, operations people are saying to themselves, "What can we do within our department or within our company to make things easy for us?" Whereas, extroverted is where the

\* Dr. Tony Alessandra, not a member of the sponsoring organizations, is President of Alessandra & Associates in La Jolla, California.

## GENERAL SESSION

marketing-thinking people are saying, "What can we do within our company or within our department to make things easier for our customer?" And, by the way, when I use the term "customer" I'd like you to listen from two perspectives. There is, obviously, the customer who we all think of, which is the end customer, the person who literally votes with his dollars whether to do business or not with us, but there's another customer who I believe is as crucial, and that's the internal customer. He is the person who you deal with on a daily basis. If you do not have direct contact with the customer, you usually have direct contact with the person who has direct contact with the customer, and the better able you are to serve the needs of an internal customer or fellow employee, the better able he is to serve the needs of the external customer, who is the person who indirectly pays our salaries and gives us our profits. Operations-thinking people tend to focus on their jobs in a very simple way. They believe that their jobs have certain job functions, and they lose sight of what the ultimate objective is, and that is to serve their customers. Operations-thinking people believe if it weren't for the customers, they could get their jobs done. When there's an interruption from a customer, it pulls them away from something, whereas marketing-thinking people realize that if it weren't for the customers, they wouldn't have their jobs. So, it's important to understand that you can think either operations or you can think marketing.

I've even seen situations where an operations-thinking, front-line employee will go to a manager with a customer, let's say, in the hotel here. There's a good example. Somebody goes up to the front desk in a hotel and asks for something out of the ordinary. An operations-thinking employee goes in the back to the front desk manager and says, "I have this customer out here who wants this certain thing that we don't normally do. I told them we can't do that. That's right, isn't it?" Whereas, a marketing-thinking, front desk person would go in the back and say, "I have this customer who would like something special. This is what I think we can do. Is that okay?" It's a whole different attitude in the way you look at customers. Customers are not an interruption. Customers are the reason that you're in business.

Now, by the way, depending on whether you are operations thinking or marketing thinking, it leads to one of three situations that will come out when you deal with the customer. One situation is a moment of truth. Now, let me describe a moment of truth. A moment of truth is when you simply meet the expectation of the customer. All customers have an expectation in terms of how they think the interaction with you will turn out, what their goal, what their objective is. When you simply meet that we call that a moment of truth. Now, if you do not meet it, we call that a moment of misery, and a moment of misery is when the customer has an expectation, and we come in below the expectation. And, of course, there is the opposite, if we exceed the expectation, there's a moment of magic. We're always striving in a customer-driven organization as marketing-thinking people, as market-driven people, to constantly exceed the customer's expectation.

Now, what I'm going to do the rest of the time we're together is look at what you do when you have a moment of misery and what to do to create a moment of magic because no matter how good you are you are going to have moments of misery. There are ways that you can recover and turn moments of misery into moments of magic, and there are things you can do to consistently create moments of magic in your companies

## CUSTOMER-DRIVEN SERVICE: IT DOES MAKE A DIFFERENCE

with your customers. Let's look at a couple of very interesting things about moments of misery. Do you realize that for every complaint that an individual or a company receives, the average company has 26 silent customers with problems, and six of those 26 problems are serious? Now, these are recent studies over the last several years, several studies that are consistently coming up with the same, basic numbers, that every time a company gets a complaint there are about 26 other, 25, 30, 20 customers who have a complaint who are not telling you that they have a complaint. Now, there are a lot of people who say, "Hey, I don't want to hear complaints." I frequently ask, "Who would you rather have as a customer?" Remember back to the old show "All in the Family." Who would you rather have as a customer to deal with on a day-to-day basis, Archie Bunker or Edith Bunker? Now, think about it. See, most people would say, "I'd rather have Edith because she's easy to deal with." Not Archie. Why? He complains all the time. But, see, the difference is Edith is a classic customer in that when she has a problem she does not verbalize it. She internalizes it. She suppresses it. And then all of a sudden one day she explodes. She either dumps on you or, worse yet, she goes to a competitor without ever telling you that there was a problem so that you had no opportunity to fix it. Whereas with Archie Bunker, when he has a problem, even though it's a lot of little jabs, at least you have the opportunity to deal with it and make it right.

Take it a step further. The typical customer who has a problem tells nine to ten other people about it, and one out of seven customers will tell that moment of misery to over 20 people. I'm one of the seven who will tell the moment of misery to over 20 people. When something good happens to me I tell a lot of people. When something bad happens to me I tell a lot of people.

I was putting in a swimming pool. I live in southern California, and I try to be very democratic in my family. I have two children, my wife, me. I decided to give everybody a vote, one vote each, that's it, on whether we should have a swimming pool, and my vote was absolutely, positively no. I did not want the grief -- you hear all these horror stories about putting in a swimming pool. Well, my wife and two children all voted yes. They wanted a swimming pool. Then I tried to change the vote, and it was either, "Could we have a big Jacuzzi or a swimming pool?" So, they voted for the swimming pool. I said, "Okay." But I knew there was going to be a problem. When I dealt with the salesperson I said to the salesperson, "I'm not even going to negotiate price. Tell me how much you want. That's what I'll pay. I only ask you one thing. I want absolutely no grief. That's all I want. Please! I'm paying full price. No grief." So, we started the pool in April, 19 . . . Let's see. This is . . . It took that long. I mean they just finished it last October. It took them over two years. I mean it was absolutely incredible. I couldn't have thought up that many problems. I mean the worst problem was hitting a sewer line, then telling me that it wasn't a sewer line. They plugged it up, and it backed up into my neighbor's house. But that was a true moment of misery. I would never ever build another pool.

Now, I'm one of those seven who will tell that moment of misery to over 20 . . . in fact, how many people are in here? That's the problem, and the problem is that they tell. People who are unhappy tell other people, and it spreads, the word spreads. You've heard of word-of-mouth advertising. Well, word-of-mouth advertising works in both directions, a positive way and a negative way. We do not want people out there who are

## GENERAL SESSION

unhappy. Whether they're external customers or internal customers, we do not want people unhappy with us not telling us because if they tell us, we can do something about it. If they don't tell us, we can't. In fact, this quote from Marshall Field hits the nail right on the head, "Those who enter to buy, support me. Those who come to flatter, please me. Those who complain, teach me how I may please others so that more will come. Only those who hurt me are displeased but do not complain because they refuse me permission to correct my errors and, thus, improve my service."

It is absolutely imperative that you go out of your way and create systems to create complaining customers. Now, I know a lot of people don't want to create complaining customers, but I believe that this concept of creating complaining customers is at the forefront of customer service and customer-driven techniques today, and what I'm doing in our session is simply sharing with you what is current thought in the field of customer care and customer service and being customer driven, but one key concept is try to make it easy for customers to tell you when they have a problem. We're seeing a proliferation of 800 numbers that make it easy for people to call into a company to give a complaint. I find that one of the fast food chains actually is installing red telephones at the counter. You know the significance of a red telephone. You pick it up, and it goes right into the president's office. Right? Now, of course, you don't speak to the president first time through. You speak to a president's representative. But they are really making an effort to find out customer complaints.

That big, well-known grocery store up in New England, Stu Leonard's Dairy, started out as a little dairy, and it kept expanding. It is huge. Has anybody been there? Few people have been there. It is unbelievable. What this person does in sales in a week is what an average supermarket might do in six months. That's how big this place is. And people drive from other states to do their shopping for the month. It has suggestion boxes and complaint boxes, and every day those boxes are emptied out. Somebody has the responsibility to summarize all the suggestions and complaints, and every morning, prior to the store opening, every department head sits down with a copy of the suggestions and complaints from the day before, and they talk about ways to deal with it. It's very interesting how sometimes you can turn a complaint into incredible profit. A customer complained that she did not want to buy fish from Stu Leonard because the fish was not fresh. In actuality the fish was fresh. Every day truckloads of fish were coming from Boston and from the Fulton Fish Market in New York City, but what they did is they packaged it with the white-plastic-styrofoam-type thing, and then they put the plastic over it. All right? So, this woman felt that when fish was wrapped like that it was not fresh. Her frame of thinking was, fresh fish is fish that you buy in the open on ice. So, with that little complaint, that morning when they were looking at that, the department heads made a decision. The decision was to keep the packaged fish because a lot of people like to buy packaged fish, but to put in a whole, new department that sells fresh fish on ice. What they found was that packaged fish sales stayed exactly the same. It didn't drop a penny. But the fresh fish sales exceeded the packaged fish sales. So, one complaint turned into a whole, new profit center.

They also found out that people did not like to buy strawberries in those little packages because you can't see what's in the middle. Right? The strawberries with the fuzz are always in the middle. So, what Stu Leonard decided to do was, from that one complaint,

## CUSTOMER-DRIVEN SERVICE: IT DOES MAKE A DIFFERENCE

put all the strawberries, and it saved money doing it this way, out in the open, and people can pick them just like you can pick other things that are just open. So, strawberry sales doubled and tripled because people were picking nice-looking strawberries and putting them in the little, plastic bags, not realizing that when they got to the counter, instead of a one-pound thing, it was seven pounds of strawberries that they were buying. So, the key is that many companies are now making it easy for customers to complain, from 800 toll-free numbers to return postcards in their bills. Give us a report card. They're bringing customers together.

This hotel is a classic example, by the way, of a hotel that truly does a lot of very forward-thinking customer service, customer-driven things. They bring their customers in on an ongoing basis and have interviews with them. How well are we doing? How well are we meeting your needs? Have you been to any other hotels where you've found that they're doing some good things that we're not doing? And they really want to find out whether they're doing a good job. They try to get report cards on an ongoing basis from their customers, but when there's a complaint they want to resolve it as quickly as possible.

You may want to think in your own mind, "What can you do at your company, in your department, to create complaining customers?" We want problems when they're real small. See, when a problem is real small, and somebody tells you, you can fix it at a very inexpensive cost, and quickly. When problems are suppressed they tend to grow, and when you find out about them later, those little problems have now become much bigger, much more expensive, if not impossible, to fix, and there's a lot of tension in the relationship because they've been blown out of proportion.

Classic example of complaints. How many of you are married? It's interesting that you can take this concept right into your marriage. I want to ask a question. Have you ever had a problem, an argument, with your spouse over a little thing that was suppressed and blown out of proportion? Did that ever happen?

FROM THE FLOOR: No.

DR. ALESSANDRA: Not at all. Not to this group, right? But that's what frequently happens. In a marriage what happens is, because of a lack of communication, little things are suppressed, they're not brought out into the open, and then all of a sudden one day . . . What's your name?

FROM THE FLOOR: Mel.

DR. ALESSANDRA: Are you married? What's your wife's name?

FROM THE FLOOR: Joanne.

DR. ALESSANDRA: Joanne. Mel comes home one day. Mel is very busy at work. He's got a lot of things on his mind. So, you haven't had a lot of communication with Joanne, and little things you've been doing, much to your surprise, have been irritating her. Right? So, she's been building all this up. Then all of a sudden one day he comes

## GENERAL SESSION

home, and he does another one of those little things, and Joanne explodes. Her response to that little thing is 50 times the magnitude of what it should have been, and now you're confused. You don't know why. The reason is everything was suppressed. It builds up, and one day it's an explosion. Do you realize that the average married couple communicates in a full week, in 168 hours, a grand total of 27 minutes? And I told that to a group last week, and somebody yelled out, "What do they have so much to talk about?" But there is a point, and the point is this: In marriage and in business we want to create complaining customers, and the best way to do that is through ongoing, open, frequent communication. Make sure that we have a lot of two-way communication. It'll work in business. It'll work at home. It's interesting that complaining customers are more likely than noncomplainers to do business again with an organization that even attempts to solve a problem. Even if the problem isn't solved, just the effort, just the desire to solve the problem will make people happy.

Now, recovery is a concept. One concept that's being taught a lot is creating complaining customers. Another concept is the concept of recovery which is very interesting. Recovery is turning a moment of misery into a moment of magic. When somebody has a problem, if we can draw the problem out and resolve the problem and make the person happy, that, in many people's minds, is better than just having the person feeling okay because when you can turn a moment of misery into a moment of magic it shows the customer that you are really willing to work at making that relationship good, really willing to serve the customer. So, recovery is turning a moment of misery into a moment of magic.

Let me show you a process of taking a moment of misery or a customer complaint and turning it into a positive. When somebody complains, a key thing is to welcome the complaint. One of the worst things you can do when somebody gives you a complaint is to roll your eyes and give facial expressions or body language which says, "Hey, I don't want to hear this." Because if you do that enough, you are going to tell people through your nonverbal communications, that you do not want to hear complaints. If I, again, can use analogies, back to marriage, one of the reasons that one or both parties in a marriage suppress their feelings and suppress the problems that are going on in the marriage is because they know that when they bring it up it's going to cause conflict. So, rather than cause conflict, because the complainer's not going to be welcome, they don't give the complaint at all. It's very important to let the person know when they have a complaint that you're willing to listen to it, and you're openly accepting it. Don't procrastinate, which simply means that when somebody tells you they have a complaint try to resolve it as quickly as possible. Don't drag your feet. Listen to it. Provide a solution, not an excuse.

One of the first reactions that we have when somebody tells us a complaint or something that's wrong, is to explain why it happened. It's the worst thing you can do. Do not explain why it happened. Resolve it. Now, after you resolve it you can go back and say, "By the way, let me explain why that happened." But right at the beginning, when you have a problem, and put yourself in the role of a customer, when you have a problem and you go to somebody and say, "I have a problem, I'm not happy with this such-and-such," and they start explaining why it happened, it's not what you want to hear. You want them to resolve it. Once it's resolved you can go back and explain how it happened

## CUSTOMER-DRIVEN SERVICE: IT DOES MAKE A DIFFERENCE

or why it happened but not before you provide a solution. Then after you provide the solution it's crucial to check back with the customer to say, "Hey, did that resolve things? Are you happy? Does that make you comfortable?" So, we want to make sure that we resolve the complaint.

I want to give an example of the difference between, I've just been describing it on probably an abstract level, a moment of truth, a moment of magic and a moment of misery because they are three, very key concepts. An example happened to one of my friends. One of my friends got as a present a beautiful piece of crystal, and he didn't like the crystal. So, he wanted to bring it back, but he didn't want to tell the person who gave him the crystal, because it was a nice gift, that he didn't like it. So, he was going to bring it back and exchange it for something else, maybe not even a piece of crystal, just something else. He didn't know where the person who gave it to him bought it, but he knew that this brand of crystal was carried at one of these fancy department stores. Actually, it was Neiman-Marcus. So, he went to Neiman-Marcus to exchange, and he was a good customer of Neiman-Marcus. So, he went in to exchange this crystal. Now, some background. Neiman-Marcus carries that brand of crystal but never ever has carried that particular pattern. So, anyway, he goes in. Now, watch the difference between how the sales representative can create a moment of truth, a moment of magic or a moment of misery. When my friend brought in that crystal his expectation was that he would get what? He would get a refund or an exchange because here was the crystal, a certain brand. Let's call it Waterford crystal. Neiman-Marcus carried Waterford crystal. When you walk into Neiman-Marcus your expectation is they're going to take it back or they're going to exchange it, one or the other. So, if you go in, and the sales clerk simply takes it back, even though they don't handle it, they take it back and give you your money back or give you an exchange or give you a credit, that is called the moment of truth. Your expectation was that that was going to happen, and that's exactly what happened. So, you walk out not realizing that that person actually did something special.

Now, a moment of misery is when you walk in, and the sales clerk says, "We have never handled this particular pattern of crystal. You must have gotten it someplace else, but you didn't get it here." They always say that when people are listening, other people, "You didn't get this here. I'm sorry. I can't take it back." Now, that is a moment of misery.

A moment of magic is where that clerk could say, "We do carry Waterford crystal. We've never carried this particular pattern, but I can deal with Waterford direct much better than you can. So, let me take it back. I'll handle it for you, even though we've never carried this, and I'm going to give you a credit so that you can get any piece of crystal here or anything else in the store." Now, that's a moment of magic. A moment of magic frequently is where you have to let the customer know that you're doing something special. A lot of people don't like to toot their own horns. They like other people to discover that they're doing something special, but frequently people don't realize that you're doing something special for them. When you go above and beyond the call of duty, you should let people know. Very casually. You don't have to puff your chest out or anything and say, "I'm really a great person because I'm doing something special for you." You don't have to go that far, but let people know that you're going the

## GENERAL SESSION

extra step, the extra mile, so that they can appreciate that moment of magic. I really believe that one of the key things that creates a moment of magic is the way the person handles another person. When you don't handle the person the right way, even when solving a person's problem, it can create a moment of misery. When you handle the person properly even if you don't solve his problem, you will create and can create a moment of magic.

I fly a lot because this is what I do for a living. So, I'm always flying all over the country. My favorite domestic airline is American Airlines. I think they understand the difference between market driven and operations driven. There are many airlines, by the way, that are very operations driven. They will shut the gate. They will shut the door on that plane just to take off on time, even if they leave some customers behind or some customers angry, and that's happened to me many times, where they herd you onto the plane. They don't even want to listen to you. "We don't have time. We're going to be late. Get on the plane. You can resolve it later. Send a complaint letter. We have got to get out." That's on-time performance. Whereas, American is much more sensitive, much, much more sensitive to its customers.

I fly out of San Diego, and I'm always dealing with the gate people, the gate agents. I go up to this one gate agent, and evidently my travel agent had made a mistake in my ticket, and she had given me a smoking seat, and I wanted a nonsmoking seat. So, I went up to the gate agent, and I said, "Look, I'd like you to see if you can get me a nonsmoking seat." And she said, "Nonsmoking seats are all sold out. They're all full." I said, "Well, gee, I can't sit in the smoking section. Could you give me a nonsmoking seat?" She said, "I just told you that nonsmoking was full." Now, this was in first class. So, I said, "Look, you have to do something. I can't sit in a smoking . . ." She said, "All right. I'll get you a nonsmoking seat in coach." I said, "I don't want it in coach. I have a first-class ticket. I want to sit in first class. I don't want to pull rank or anything here, but you have to give me a nonsmoking seat if I request it." So I'm holding the ticket in my hand. She literally pulled it out of my hand, turned her back and started walking onto the plane, and she said, "I'll see what I can do." She came back out and started back at the computer, was helping other people. She picked up the microphone and said, "This is the last call." Nobody's there, just me. "Last call. Everybody on board." And I said to her, "Excuse me. Hey, remember me?" She said, "Oh, you." She gives me my ticket and says, "I made the whole first-class cabin nonsmoking." I said, "Thanks." I took it. I walked back on. Now, I know I'm going to have a mutiny in here, right? So, I walk onto the plane. I sit down, and I lean over to the person next to me, and I said, "Look, I'm really sorry. I did not ask her to make the cabin nonsmoking." The guy next to me said, "Hey, I don't smoke. Thanks a lot. I really appreciate it." It was on a 727. So, there are only 12 first-class seats. The last four, the last row, was supposed to be smoking. So, I leaned over to the two people on the other side of the aisle, and I said, "Look, I really am sorry. I didn't want her to change this to nonsmoking." And both of them said, "We're nonsmokers." The rest of the cabin turned around and smiled at me and said, "Thanks, we didn't want this smoking." Well, anyway, the situation was that I got what I wanted. What did I want? I wanted a nonsmoking seat. What did I get? A nonsmoking seat. However, if you were me, how would you have felt about the experience? Would you categorize that as a moment of magic or a moment of misery? For me it was a moment of misery, and I quickly wrote a letter to Crandall and complained



## CUSTOMER-DRIVEN SERVICE: IT DOES MAKE A DIFFERENCE

about this woman who for the next two months I didn't see at the airport. I don't think I did it to be punitive, I don't know, but . . . but I am Italian.

About a month later, the exact opposite. A month later I'm at the airport. I go up to a gate. Of course, that woman's not there. There's another person there. As I go up to the gate, I see a friend of mine who lives in San Diego, who's in the same business as me, and I hadn't seen him in about a year. So, I said to him, "Hey, how are you doing? I haven't seen you in a while." He said, "Hey, where are you going?" I said, "I'm going to Dallas." And he said, "I'm going to Dallas." He's going to Dallas. "Hey, where are you sitting?" So, he's sitting in like 21A. And I said, "Oh, gee, I'm sitting in 3A." I said, "Hey, let me see if I can get you upgraded to first class." So, I took his ticket, and I went up to this woman gate agent, and I said to the woman, "Look, I got a little problem. I wonder if you can help me." She said, "Sure, I can help you." And I said, "Well, I haven't seen my friend here in a long time, and I'm in first class, and he's in coach. I really would like to see if we can sit together. Could you see what you can do for him?" So, she said, "Sure." And she took the ticket, and she punched in a couple of things. She said, "Oh, I have to tell you that first class is sold out. First class is sold out." And I said, "Well, I'll tell you what I'll do. Let me leave his ticket here, and if somebody doesn't show up, maybe you can help." And she said, "Well, let me see," and she punched in a couple of things. She punched in my name. Now, I'm a frequent flyer. Are any of you in the frequent flyer clubs? On the American, just the American, frequent flyer program I have 3.5 million miles which means I can cash it in for one plane. No pilot with it but just the plane. So, when they punch my name in the computer my name comes up on the screen with stars all around it, and they flash. Right? So, she says, "Oh, Dr. Alessandra, I have to tell you we are so, so thankful that you are one of our frequent customers. We thank you for choosing . . ." And she was just going overboard, and I'm standing near my friend. It's making me feel pretty good. She says, "Dr. Alessandra, I will tell you that if anything, anything comes up, I will put your friend in a seat right next to you, and the two of you can fly to Dallas and really catch up on getting acquainted." She said, "By the way, just while I'm working on this, why don't the two of you sit down right over here, and I'll call you when we're ready?"

About five minutes later she says, "Dr. Alessandra, could you please come to the gate?" And I elbowed my friend and said, "We got it." So, I went up with a big smile, and she said, "Dr. Alessandra, we have a bigger problem than I thought." I said, "A bigger problem than you thought! What could the problem be?" She said, "Well, we're oversold in first class." I said, "What does that mean?" She said, "Well, we're oversold by one seat." She said, "But I have a way you can sit near your friend." Well, to make a long story short, she was going to put me back in 21C. He was in 21A, I guess. And she was going to block 21B. She said, "So, you'll be back there. You'll have all three seats just for the two of you." And I'm saying to myself, "Maybe it's not that bad. I'll go back there." Then she says, "By the way, if you do it, we'll give you \$500." I said, "\$500!" She said, "Yeah, \$500." I said, "I'll do it." I don't have to think about that. She said, "Well, let's just wait. One person has not shown up yet. Let's just wait a second." She said, "Go sit down. I'll call you back." So, she called me back one last time. She said, "Dr. Alessandra, I don't know what to say to you." She said, "That last person never showed up. So, there's only enough seats in first class for the people, including you." She said, "So, I could put you back with your friend in 21C, block 21B, but I can't. I don't have

## GENERAL SESSION

the authority to give you the \$500." So, hey, my friend sat in coach. I sat in first class. He wasn't that good of a friend. But the point was this woman created a moment of magic for me. Even though I didn't get what I wanted, I felt uplifted by the experience, and what did I do when I got on the plane? I wrote a letter to Crandall about this person, about how good she was. She was that good. So, in creating moments of magic or moments of misery it's not just giving somebody what they want that creates a moment of magic. Frequently, it's the way you handle the person. It's the relationship that you create with that individual, not just what you do.

Let's look at the opposite side. Instead of how to turn a moment of misery around, how do you create consistent moments of magic? Well, let's look at what customer-driven organizations are like. Customer-driven organizations share three things in common. They're externally driven, internally driven and quality driven. Let me just start at the bottom here first. Quality driven is obvious; making sure that the products, the services, the pension programs, the health programs, packages that you put together are the best possible and they meet the needs of the customers, the in-customers.

Externally driven is making sure that you look outside of your department, constantly asking what your customers want. What experiences are your customers having? What are my competitors doing? What is the environment? The legislation? The economy? How is that changing and affecting the programs, the packages, the policies that I'm going to put together? So, being externally driven is looking outside of your environment to find out about the environment itself, the economy, legislation, etc., the competition and the customers.

Internally driven is making sure that everybody in your department knows exactly what the expectations of the customers are. They're trained on how to provide superior customer care and customer service, and, hopefully, hopefully, they are rewarded, whether it is monetarily or whether it is with recognition, people are rewarded for creating consistent moments of magic.

I was doing a program about a week and a half ago for one of the manufacturing divisions of IBM, and it was all production people, hourly wage people, and I was speaking at a meeting to talk about customer service, and they were giving an award. It was a beautiful trophy that would be in a glass case with the person's name engraved on it for the person who provided consistent moments of magic, superior customer service. I could see when the person got the award the person was so proud. You can give money to somebody, but money passes real quick. Now, some of you still want the money but you should have seen how the person was holding the trophy and the look on this person's face because that trophy was going to be in this glass case for a whole year with his name on it. So, you can reward people for consistently creating moments of magic either monetarily or with presents -- a present can be a dinner for two or a weekend for two at a local hotel, which a lot of businesses do, or with recognition, simply giving key recognition to an individual, but they are customer-driven organizations.

Many of you have heard, some of you have read the book, *In Search of Excellence*, but there was a quote that really caught me from there, "Staying close to the customer, which is learning an intimate detail, what really counts to your customer, what he or she likes,

## CUSTOMER-DRIVEN SERVICE: IT DOES MAKE A DIFFERENCE

doesn't like, what the customer will and won't buy, this boils down to this: If you do not know what your customer's expectations are, how could you hope to either meet them or exceed them? It's literally like shooting in the dark." Too many companies create things in their own environment and then look outside and say, "Okay, here's something we've created. Who will buy it? Who can we sell it to?" Rather they should stay close to the customer, be market thinking and go out to the customer and say, "What would you like? What needs aren't being met, and what can we do to meet those needs better?"

Although this does not affect me, at least now, and I hope it will not affect me for a long, long time . . . Prudential had a stroke of genius, one of the more incredible public relations coups for an insurance company over the last decade when they did the living benefit policy. Are you familiar with that? The living benefit policy, although I'm not interested in it now, when I read about that I thought that that was an incredible, market-driven, customer-driven event. They've gotten an incredible amount of publicity for it, and it is a classic example of going out into the marketplace, finding out where there's a gap that other companies are not meeting, including your own company, and providing something that really does meet a need. I think if other companies do not follow . . . a lot of people are going to switch to Prudential on that one because it's that major a customer-driven move. That's what I'm talking about, going into the marketplace, finding out what the customers really need. In fact, I have a book called *Non-Manipulative Selling*, and in the book we have a saying, and that is, "Prescription before diagnosis is malpractice." Finding solutions before diagnosing what the problem or what the need is, is engaging in malpractice. Being market driven is going out, asking people what they need, and, by the way, let me differentiate something here. When you ask people, when you diagnose need, you ask people, "What do you need?" Don't ask people, "What do you want?" If you ask people what they want, they may tell you things that are either too expensive or, legislatively, you can't do because of rules that have changed or recently changed or recently will change. What you need to do is go out in the marketplace and ask people what they need, what they would like to accomplish. "What end results would you like to achieve?" Ask people the end results. You provide the means. Do not ask people the means. Otherwise, they won't need you. You're the experts. If you find out what somebody's trying to accomplish, then you can show them the way to do that.

An example of an industry that does just the opposite of what I'm talking about is the real estate industry. How many of you have ever gone out in, let's say, the last five years, to look for a home? Can I see your hands? Talk about an industry and sales-people that ask you the wrong questions. See, they think that they are diagnosing need. They're not. What they do is they ask you what you want, and when you ask somebody what they want you limit the solution base. When you ask somebody what they need you increase your options. Watch the difference.

Fourteen years ago I moved from Atlanta to San Diego. In Atlanta you couldn't give a house away. In San Diego the market in 1976 was so hot . . . it didn't quite go like this, but it was close. When a house went up for sale they put a sign on the front lawn. It never made the multiple listing service book. You put a sign on the front lawn, and people would just, like magnets, be drawn to that house. The real estate agent, who probably didn't know how to sell, would be leaning against the kitchen table, and you'd

## GENERAL SESSION

walk in and say to the real estate agent, "How much are they asking?" And the real estate agent would say, "\$76,000. \$77,000." That's how fast the houses were going up in those days.

But, anyway, we went to a real estate agent, and we asked the real estate agent to find us a house, and we painted a picture of exactly the house we wanted. For two weeks this person took us out looking at homes. We couldn't find the home we wanted. So, we switched to another real estate agent. We went in with a list because we were desperate, we knew exactly what we wanted. We didn't realize that the house that we had now painted this picture of did not exist in San Diego, certainly not in our price range. But what does a typical real estate agent ask you? First question. How much do you want to spend? So, you pick a number. Then they ask, "Where do you want to live?" And you pick an area where what you want to spend buys a garage, that's it, nothing else. Then they ask you, "What else do you want?" Not what you need, "What do you want?" Three bedroom, two bath, two-car garage, so-and-so. And every additional want you tell the real estate agent does what to the real estate agent's ability to find you the home? It narrows it, doesn't it? Well, the first real estate agent couldn't find us the home. The second one we went to, we gave him a list. He put it to the side and said, "Look, I'll get to that list later." He said, "Let me ask you a few questions. What are you looking for in buying a home? What's your objective in buying the home?" And he probed that. He said, "When you're living in the home do you expect your family to grow any from either children, more children or relatives coming to live permanently? Do either of you work in the home, full-time or part-time? What kind of job is it? So we can see if it could be just a simple den within the main structure of the home or if it is to be a separate office off to the side or a separate structure on the property." He said, "Do you entertain, and, if so, what kind of entertaining do you like to do? Indoor? Outdoor? Daytime? Nighttime? Big groups? Large groups? What kind of activities do you like to do in and around the home, you and your family?" He said, "Tony, I realize you're Italian, and your family travels in packs. Are you going to have a lot of visitors?" So he asked a lot of those kinds of questions.

I have to tell you, in the middle of all this my wife said, "Hey, Paul, we must have a one-story home." Now, by the way, if somebody said to you, and you were a real estate agent, "I must have a one-story home," that's all you know, what are you going to look for? This is not a difficult question, by the way. You're looking for a one-story home. Now, Paul, our real estate agent, was real sharp. He said he realized it was a want, and he wanted to find out what the rationale or the need was. So, he said, "Janice, no problem. We can find you a one-story home. Do you mind if I ask, "Why is it so important to you to have a one-story home?" So, he took a want expressed by somebody and looked for the rationale. My wife said, "Well, it's because my mother lives with us." And Paul glanced over at me and saw me roll my eyes. She said, "My mother lives with us, and where we lived in Atlanta we had a two-story home, all the bedrooms upstairs, main living area downstairs, and my mother's room was upstairs. Several times a day I had to walk my mother up and down, up and down. Not only was it physically painful for her, but it was psychologically painful for me." She said, "I will not go through that again." Now, by the way, once you know the need what would you look for now? A bedroom downstairs, other bedrooms upstairs. See, once you understand the objective, the goal, the end result, what does it do to our options? It increases it. It doesn't limit.

## CUSTOMER-DRIVEN SERVICE: IT DOES MAKE A DIFFERENCE

It increases the options. So, Paul, once he understood the rationale, said, "Janice, now that I know what you're trying to accomplish, not only can we look for one-story homes, but we can look for certain two-story homes." And he said pointblank, "Janice, we can find a two-story home with your mother's bedroom downstairs on the main living area and the master bedroom upstairs." And he said, "Janice, that way your mother never ever has to walk up and down the stairs again." And he looked at me and said, "Better yet, Tony, she can't." So, we bought a three-story home. But it's important to ask, "What are you trying to accomplish? What are your expectations?"

Another key point. People don't buy because they're made to understand. People do not buy because of the complex, detailed explanation that you give them. They buy because they feel that you understand what it is they're trying to accomplish and that you understand them personally. One of the worst things you can do, and I have to tell you, for people who are very technically trained, such as yourself, we have a terminology, a jargon, a lingo that we use as actuaries that sometimes carries over in our conversation with people who are our customers where they don't understand what we're talking about. Does that ever happen? It is okay to use your jargon among each other but not with the customers. I guess I can drive the point home.

I don't know how many of you have been into a retail computer store. I went into a retail computer store, and talk about somebody violating this, I walk into the computer store, and I have to tell you, I was really fearful because I had computer phobia, this was about two or three years ago, and what they were doing two, three, four, five years ago was hiring computer experts and trying to teach them selling rather than hiring salespeople and teaching them computers. I walk in. I don't know anything about computers, and I'm really afraid of this. So, I walk in, and none of the salespeople would help me. They were doing their own things. I could almost feel them saying, "Go away. We have work to do here." But I walked up to a computer, and it had a color program. It had sound. I'm mesmerized by this. The salesperson walks up behind me, finally walks up behind me, and his opening line led me to believe for a fleeting moment that I was someplace other than a computer store because his opening line was, "It's a beauty, isn't it?" I said, "It's incredible! I can't believe this." I said, "If I knew computers were like this, I would have been in here two-three years ago." He said, "Hey, let me tell you something about it." Now, by the way, he violated my other rule, prescription before diagnosis. He doesn't know anything about me. He doesn't know my name, what I do, why I'm there, what problems I'm experiencing. He wants to tell me right away about this computer. Not only does he make that mistake, but he talks in his language, not mine. So, he starts telling me bytes and bits and RAMs and ROMs, and I don't know what the guy's talking about. I don't know if you do. I don't know what the guy's talking about. But I grew up in New York City. I'm not going to let him know I don't know this stuff. So, as he's telling me, I'm saying, "Get out of here! No way! I don't believe it! You're kidding!" So, this guy's getting excited. In the middle of all this he says, "Oh, I forgot to tell you the most important thing about this! It's 64K!" I said, "Too expensive! No way! Uh-uh! No way!" The point is try to get on the wavelength as the customer. Speak his language. When we talk about customer driven it means getting into the customer's mind.

## GENERAL SESSION

Now, if you really are sensitive to the customer, this says it all, and that is when two people want to do business together, they won't let the details stand in the way, and when they don't want to do business together, the details that you work out are not going to pull the deal together. I mean when somebody doesn't feel comfortable with you, they're going to go someplace else. It is important to build the relationship. It is important to make somebody feel comfortable with you. Let me tell you something. When somebody likes you they're going to say to you, "Alistair, we have a problem. Let's see what we can do to resolve it." Notice it's "we." When they don't feel comfortable with you, when there is tension in a relationship, when they don't feel that you treat them appropriately, they're going to say, "Alistair, you have a problem. What are you going to do about it?" So, what we want to try to do is treat our customers with sensitivity. Let the customers know that we are in business to serve them, to get them, to keep them, and to keep them happy, to create moments of magic.

There's an old saying, "The customer is always right." That's not true. The customer is not always right, but the customer is always the customer, and because the customer is always the customer, and the customer is the one who votes his dollars, we must treat the customer appropriately. We must find out what the customer wants and give the customer what the customer wants, regardless. Let's not try to create our own things and try to force it on the customer. Let's treat the customer the way the customer wants to be treated. Provide the customer what the customer would like within reason so that we can still make a profit and really service the customer in a way that he is comfortable. I think customer service and professionalism within customer service has to be an all-the-time thing. Marketing thinking is something that is an all-the-time thing. Marketing thinking is not, "Hey, today I'm going to put on my operations cap. Tomorrow I'm going to put on my marketing cap." There are people out there who think and breathe marketing. They think like marketing people. They think market driven. They think customer service. And that's what we need to start doing, is thinking and breathing customer care and customer service so that it becomes an all-the-time, automatic, habitual behavior. It shouldn't be something we think about. It should be something that's just natural, an all-the-time thing.

Let me end with a story, it's the best story that I've heard, about something that's an all-the-time thing or not an all-the-time thing, and some of you may have heard this before, but I really think it drives the point home about an all-the-time thing. There are a lot of stories about Winston Churchill. This one . . . I'm particularly fond of. It was one where he had rather toxic relationships with certain members of parliament, especially a couple of women members. One was Bessie Braddock, and the other was Lady Astor. And the story goes that Winston Churchill was at a cocktail party. Lady Astor was at this cocktail party with him. And a whole bunch of other people. And Winston Churchill, once he drank a little too much, would get a little boisterous, and Lady Astor always seized upon the opportunity to put him in his place. So, he was drinking. He was a little loud, and from across the room you heard clearly, "Sir Winston, I do believe you're drunk!" And all of a sudden a hush of silence. So, seizing on the moment, Lady Astor walked a little closer and said, "Not only are you drunk, you're very drunk!" She walks a little bit closer and says, "Not only are you very drunk, you are disgustingly drunk!" and, with that, she turned and walked away in the proper British style. So, all the eyes turned to Winston Churchill. He took one more puff on his cigar,

## CUSTOMER-DRIVEN SERVICE: IT DOES MAKE A DIFFERENCE

put it down, one more drink, put it down, and he said, "Lady Astor, you're ugly!" He walked a little bit closer and said, "Not only are you ugly, you're very ugly!" Walked a little bit closer, and now everybody is in shock, and he says, "Not only are you very ugly, you're disgustingly ugly!" And he turned and started walking back to his colleagues, and he stopped, and he turned, and he said, "And tomorrow morning I'll be sober!"

What we need to do is make customer care and customer service an all-the-time thing not just a some-of-the-time thing, and I think if that happens, I guarantee you, you will definitely make a profit, which is the ultimate goal of business.

