

Introduction

The man walked into a clothing store and spent a few minutes searching for khaki pants, without any luck. He finally spotted an employee and approached him to ask for assistance. “Excuse me,” he said. “Do you carry Dockers?”

The sales associate, looking like a deer caught in the headlights, gazed around the immediate area and then stammered, “I don’t know.”

“You don’t know, huh?” the customer responded, walking out of the store without waiting for a reply.

Does this story sound familiar? We all experience poor customer service far too often. Many employees don’t seem to care about helping their customers. Even those who do make an effort frequently miss obvious opportunities to provide better service.

It’s easy to think of customer service as being a matter of common sense. The sales associate clearly should have known more about the products the store was selling. And if he encountered a question he couldn’t answer, he should have found another employee who could provide a knowledgeable response. Instead, he did neither, and the customer walked out the door, the store having lost out on whatever money the customer had intended to spend.

This leads to an important question: Why didn’t the sales associate provide better customer service? To learn the answer, you would need to know the employee’s version of the story.

It was the sales associate’s first day on the job. He was sixteen and had never worked before, so he was nervous. His supervisor had given him a brief tour of the men’s department, where he would be working that

day, before leaving him alone as she went on her fifteen-minute break. The sales associate had no training, no experience, and hadn't even met his coworkers. He felt totally unprepared and desperately hoped he wouldn't encounter any customers until his supervisor returned from her break and continued his training.

A moment later, the customer approached and asked whether the store carried Dockers.

The sales associate had no idea whether the store carried this product line. He looked around the department in hopes of finding the appropriate section, but had no luck. He also thought about asking someone for help, but he had no idea which of the people milling around the store actually worked there, too. As the customer impatiently stared at him, he unconsciously stammered, "I don't know." The response had been the customer's angry retreat.

You may have guessed by now that the sixteen-year-old sales associate was me. Even I knew what I *should* have done in that moment, but there were stronger forces at play that inhibited my performance. My lack of training made it impossible to answer the customer's question on the spot. Fear and embarrassment robbed me of the confidence I needed to act decisively to find the right answer by either searching the department for Dockers or trying to find a coworker. With no experience to guide me, my instincts weren't sharp enough to prevent me from stammering, "I don't know," when that was exactly what I was thinking. The customer's impatience ensured that I didn't get a second chance.

My story is far from unique. We all know that offering outstanding customer service can mean the difference between growing your business and watching potential sales quite literally walk out your door. Yet many organizations consistently find it a challenge to get employees to serve their customers at the highest level.

There have been plenty of books written about what employees ought to do to provide exceptional service. *Service Failure* examines the real reasons employees struggle to deliver outstanding service, and offers

plenty of insights and guidance on overcoming these obstacles, drawing on real stories, scientific research, and my own experiences from more than twenty years as a customer service representative, trainer, manager, and consultant.

Here are just a few things you'll learn:

- How customers are to blame for nearly a third of poor service experiences
- Why your employees might be motivated to deliver bad service
- Why employees may not think customer service is their primary job
- How natural instincts can cause an employee to stop listening to a customer
- What situations can cause employees to give up on serving customers entirely

The benefits of overcoming these challenges are enormous. Companies can develop a reputation for outstanding customer service that translates into better customer retention, increased business through referrals, and improved profitability. Service quality can easily serve as a differentiator in today's highly competitive markets.

Customer service leaders can become more effective at guiding their team's performance. In many cases, you may find the suggestions in this book are counterintuitive or the opposite of commonly accepted wisdom. Knowing what really causes employees to deliver good or bad service is a key insight to apply to developing policies, writing procedures, training employees, or even making hiring decisions that will ultimately lead to better results.

Customer service employees can also gain from learning what motivates their own actions. I still recall how terrible I felt when my first customer left the store on account of my poor service. Examining the reasons why I

acted the way I did helped me learn how to do a much better job the next time.

Service Failure is organized into three parts. In Part I, the focus is on *understanding* the obstacles that prevent companies from offering outstanding customer service. We examine why customer service doesn't always come naturally for employees and how this situation can lead to poor service and ultimately hurt a company's bottom line. In Part II, the focus shifts to *overcoming* those obstacles. We identify and explore ten obstacles that stand in the way of outstanding service, reveal insight into why each one is an issue, and share strategies to surmount them. Then, in Part III, we work through practical steps for *implementing these lessons* in your own organization. Throughout the book, you'll find real-life examples from well-known companies, frontline employees, and my own experiences. Common service failures are dissected to understand why they happen and, more important, what can be done to prevent them. Best practices from companies famous for their exceptional service are also analyzed to provide insight into how they've overcome some of these challenges.

One last word of caution as you read on. As you read some of the examples of particularly poor customer service, you may find yourself thinking, "There's no excuse for that behavior!" Of course you'd be right, but keep in mind these stories are nonetheless true. As you'll learn in Chapter 1, even inexplicably rude service may have an explanation after all. And, once you have the explanation, you have the insight necessary to ensure it doesn't continue to happen. Judging by the state of customer service today, that will put you several steps ahead of the competition.

PART I

Understanding Obstacles to Outstanding Customer Service





CHAPTER 1

Customer Service Doesn't Come Naturally

Hidden Obstacles to Serving Customers

The cashier at the fast-food restaurant scowled as I handed him my payment. He looked at the \$5 bill I'd given him, glanced at the \$4.05 displayed on his register, and then looked back at me asking, "Don't you have a nickel?"

"Sorry," I replied. "All I have is that \$5 bill."

The cashier heaved a tremendous sigh, looked me in the eye, and said, "I hate people like you."

I stood in stunned silence while he counted out my change from his cash drawer and slammed the coins on the counter. "There," he said. "Now you have some cents!"

I was speechless and embarrassed. This unprovoked verbal attack was uncalled for in any setting, never mind a customer service situation. Until this moment I never thought any employee needed to have this explained to him.

His boss was standing right behind him, yelling at employees to work faster, so it was clearly pointless to complain. However, the story soon became a favorite in my customer service training classes. Some people accused me of fabricating it since the episode was so outrageous. Others chimed in with their own stories about terrible customer service at the same restaurant.

The situation continued to bother me, even as I told the story again and again. It was such an obvious example of “what not to do” that I couldn’t understand the cashier’s actions. What would cause a frontline employee to respond so inappropriately in a customer service setting without provocation?

More than ten years later, it finally hit me. Though I still don’t believe the cashier was right, I think I now understand what was behind his emotional eruption.

If you’ve ever been a cashier, you know what a hassle it is when you run out of change. Everything comes to a grinding halt. You stand at your cash register waiting while your manager goes to the safe in the office, retrieves the change, and returns. While the manager is gone you awkwardly stand at the register, not quite knowing what to say while the customer in front of you and the other customers in line are impatiently waiting. When the coins finally arrive you have to break them free of their plastic wrappers and pour them into your cash drawer before you can finally give your customer his change.

Now imagine you run out of change during the lunchtime rush at this fast-food place. The restaurant is crowded with customers. All the registers are open and there’s a line at least five deep at each one. The drive-through line snakes around the corner of the building and the parking lot is full. The supervisor is clearly stressed out as he frantically rushes around the kitchen barking orders at employees and putting everyone on edge.

This particular supervisor seems likely to get even more upset if he has to stop whatever he is doing to get change from the office. Meanwhile, there are five impatient, hungry customers in the cashier’s line already

aggravated by the wait. Waiting a few minutes more while an angry boss fetches change from the safe is only going to make matters worse.

Taking all those circumstances into account, you can imagine that counting out 95 cents might have brought this cashier one step closer to a bad situation he very much wanted to avoid.

I could also tell this cashier didn't like his job. I have trained thousands of frontline customer service employees over the years and often encounter people like him who are angry and frustrated. They tell me how they get paid next to nothing to deal with poor treatment from customers, coworkers, and their boss. And since they perceive that customers are the cause of most of their problems at work, many of them say their customers are the most difficult people to deal with.

This understanding made me wonder about other situations where customer service was inexplicably poor. A mentor once told me that most people inherently want to do a good job. He explained that when people aren't doing their job well, you sometimes have to investigate to find out the root cause of their poor performance. I started to search for hidden obstacles that prevented people from providing outstanding service.

My research revealed one very surprising truth: Humans are not naturally good at customer service! We have the potential to deliver amazing service, and some of us are better at it than others, but every person has significant obstacles to overcome. Difficult bosses, processes and procedures that don't work, and difficult customers can all get in the way. Even our own attitudes and emotions can sometimes make it hard to be great at customer service.

The biggest obstacle of all may be inertia. Many companies, leaders, and employees simply underestimate what it takes to deliver outstanding service. In this chapter we'll look at two of the factors that hold organizations back: the challenge of consistency, and the disconnect between the way companies and customers rate service quality.

The Service Consistency Challenge

Throughout my twenty-plus years in customer service, I've repeatedly heard people refer to customer service as a matter of common sense. This common belief belies the fact that good customer service can be maddeningly difficult to achieve with any consistency.

Companies within the same industry often provide very different levels of service.

Southwest Airlines and United Airlines represent opposite ends of the customer service spectrum. According to the 2011 American Customer Satisfaction Index, Southwest earned an 81 percent customer satisfaction rating, the highest among the major airlines in the United States. United, on the other hand, was tied for second worst, with a 61 percent rating after spending the previous two years in sole possession of last place.¹

On the surface, it seems easy to understand why these two airlines are so different. Southwest is known for its fun-loving employees, has had books written about its exceptional service, and was even featured in the A&E reality television show *Airline*. United's customer service claim to fame is a music video on YouTube called "United Breaks Guitars" that's been viewed more than 10 million times. The music video, posted by musician Dave Carroll, is a hilarious account of Carroll's repeated attempts to get compensated for a guitar that he claims was broken by United Airlines baggage handlers.²

The problem with industry ratings is that they are averages, not absolutes. You're not guaranteed a great experience the next time you fly Southwest, and it's likely that United Airlines will deliver all your luggage unharmed the next time you fly United. Many disgruntled passengers have taken to calling Southwest "Southworst," while United Airlines has a loyal following of dedicated passengers who can't imagine flying with any other carrier. In other words, an *average* rating doesn't necessarily equate to *your* rating.

Stores within the same company may also be miles apart in their dedication to their customers and offer very different levels of service. There are two Best Buy stores within a fifteen-minute drive from my home. The first store is in the city. It's usually crowded, and the sales associates are hard to find when you need them and not very helpful. The second store is in the suburbs. This store does a brisk business, yet the lines are short, there's always someone available to help, and the sales associates are knowledgeable. Unsurprisingly, I go to the second store whenever I can.

I'd give the suburban Best Buy store a five-star customer service rating, but I am only one of thousands of customers. Reviews on Yelp, the user-driven website for rating customer service, only modestly agree with my experience: The city store has a rating of two and a half stars (out of five), while the suburban store has a rating of three stars (the average rating comprises multiple reviews ranging from one to five stars), with some customers vowing never to shop there again because of poor service.³

Customer service can even vary widely within the same store or department. There's a diner in my neighborhood that makes a terrific breakfast, serves great coffee, and has warm and friendly waitstaff—all except for one server. For a long time I refused to be seated in her section because her service was so poor. She was unfriendly, inattentive, and frequently made mistakes on my order. Somehow, this person always did a bad job when everyone else was consistently outstanding.

But companies, stores, and individual employees can change as well. United Airlines was once my favorite airline and I dreaded flying Southwest Airlines; now the opposite is true. I've tried the Best Buy store in the city a few times recently and the service seems to have improved. I have even gotten stuck with the bad server at my local diner on a few occasions and have gradually noticed a change in her approach. She became friendlier, more attentive, and started getting all of the orders right. I don't mind being seated in her section anymore and am always impressed that she remembers my usual order.

It's tempting to look at customer service as a matter of common sense, but "common sense" really means "the way I personally see it." There is no one right way to serve every customer. Companies, stores, and individual employees aren't always good or always bad when it comes to service. Customer service is ultimately based on human-to-human relationships, and human beings are infinitely variable.

The service consistency challenge has to be met head-on if you want to deliver outstanding service. That means companies must develop service strategies that meet the needs of a wide range of customers and invest in training for their employees. Customer service leaders need to encourage good performance while accepting that their employees can learn from their occasional mistakes. Employees must develop the flexibility to adapt their approach to each person they serve.

The Customer Service Disconnect

The shipping company DHL ran an advertising campaign throughout 2008 highlighting its commitment to customer service. Television commercials featured various ways that DHL went above and beyond for its customers. Each TV ad closed with an emphatic tagline: "We're putting service back in the shipping business."

DHL's advertising department apparently forgot to check with the rest of the company, because DHL customers didn't agree with this new customer service focus. Customer service ratings continued to be the lowest of the three major package carriers, and in November 2008, DHL announced it was pulling out of the express delivery business in the United States.⁴

The DHL example may seem extreme, but it's not uncommon. A 2006 Bain & Company survey found that 80 percent of companies believed they delivered superior customer service—but the customers of only 8 percent of those companies agreed. The study revealed that many of these companies were so disconnected from their customers' experience that they alienated

their most loyal customers by taking actions their management apparently never imagined would cause dissatisfaction.⁵ For instance, Chargify, a web-based service that manages billing for small companies, set off a wave of customer dissatisfaction when it suddenly announced a price increase in October 2010. The business had decided to start charging for basic services that up till then had been offered for free, and gave its customers only forty-five days' notice of the pricing model changes. Customers were outraged. They posted angry rants on online technical forums, sent the company harsh e-mails, and vented on Twitter. To them, it was common sense: You don't yank the rug out from under your customers with a sudden price increase.

Chargify's management team saw things differently. From management's perspective, customers using free services were a drain on resources that inhibited the company's growth. They believed the new pricing model would allow them to focus on delivering a higher level of service to their best customers. Cofounder Siamak Taghaddos even tweeted this response to customer criticism: "Moving away from freemium gets rid of freeloaders & bad customers, so you can provide better products & support to the good ones."⁶

Chargify's move may have been driven by sound *financial* strategy, but the execution showed how completely disconnected management was from customers. The company's poor response only made things worse. And that ultimately made it a bad *business* strategy.

Some companies are interested in using customer feedback to gain a better understanding of their customers, but they must still be careful to ensure that the way customer feedback is gathered and presented doesn't create blind spots for organizational leaders. The data can sometimes convince executives that their company is doing well while masking signs of customer dissatisfaction.

Customer service surveys are an example of data that can be misleading. As discussed previously in this chapter, survey scores represent the average of many experiences. These averages can hide pockets of upset customers even if there are enough happy customers to bring up the overall score.

The Gallup Organization published a study in 2006 that examined a telecommunications company with an 88 percent customer satisfaction rating. This rating was the average for the company's entire call center. Things got interesting when Gallup looked at the scores of individual employees. Gallup discovered that customers who dealt with the worst 10 percent of the call center reps had a negative experience nearly 60 percent of the time. These reps were creating more problems than they solved!⁷

An executive managing this call center may be tempted to view the 88 percent satisfaction rating as a sign of success. However, relying solely on the aggregate survey results would mask a potentially large problem. The average rating means nothing to the unhappy customer whose phone call is being handled by one of the reps rated in the bottom 10 percent.

Customer complaints are another source of feedback that is easily misunderstood. It's estimated that only 5 percent of upset customers share their feedback directly with a company manager or executive. This makes it tempting for a manager who hasn't received any complaints to assume that customers are generally satisfied.⁸

Managers who do receive complaints don't always recognize them as a sign of a larger problem, either. It's often tempting to write off a complaint as a onetime occurrence, even though many other customers may feel the same way. Some managers even get defensive and attribute criticism to unreasonable customers rather than poor service.

Individual customer service representatives tend to overrate their abilities just as often as companies do. I've run a small experiment many times with many companies, with consistent results. I ask a room full of customer service reps to rate the customer service they personally deliver on a scale of 1 to 5, with 5 being the best. Next, I ask the reps to look around the room and assign a rating to the entire team. On average, the reps rate themselves a 4 while rating the team a 3. The math doesn't add up—which shows that most reps believe they're better than their peers.

Some customer service employees have a difficult time seeing where their own actions fall short, even when it's obvious to everyone else.

The night before I was scheduled to deliver customer service training to employees of an airport parking operation, I decided to do a secret-shopper test at several of the parking lots. My goal was to see how well the cashiers followed the company's basic service procedures, such as greeting customers, smiling, making eye contact, explaining the parking charge, and thanking customers. The results weren't promising: Four out of five cashiers failed to adhere to any of the service standards.

The next day I started the class by introducing myself and explaining the secret-shopper test I had conducted the night before. The cashiers I had shopped were all in the class, but none of them remembered my driving through their lane to pay for my parking. Everyone seemed surprised and even angry that four cashiers had done so poorly.

I didn't share the names of the individual cashiers I had shopped because I didn't want to publicly embarrass anyone. However, many of the participants pressed me to reveal their identities. Among the most vocal participants clamoring for the cashiers' identities to be revealed were the four cashiers who had themselves failed to adhere to the company's basic service procedures! They were so confident in their own abilities that it never occurred to them that they may have been one of the employees who rated poorly on customer service. One of the four cashiers actually stood up and demanded accountability: "Who was it? Who made us look bad?" she asked of her coworkers.

This disconnect reveals that it can be difficult for company leaders and frontline employees to realize they have room for improvement. Corporate managers, removed from their customers by layers of personnel and automated systems, may fail to take action as long as they believe everything is okay. Meanwhile, frontline employees may blame service shortcomings on dumb decisions by management, unreasonable customers, or both, while failing altogether to see where their own efforts do not measure up.

Natural Obstacles to Service Greatness

As mentioned at the start of this chapter, inertia may be the biggest reason companies don't provide better customer service. If you don't think there is a problem, why should you do anything about it? However, employees in organizations that truly want to improve service levels still face significant challenges. Sometimes the solutions to these challenges are right in front of us.

Think back to the cashier at the fast-food restaurant. The cashier's fear of his manager's intimidating style, his dislike for the job itself, and his general disdain for his customers overrode any understanding of what is (and isn't) appropriate to say to a customer who has the temerity to require 95 cents in change. As you'll learn in Chapter 10, emotions tend to overpower logic.

These factors don't excuse the cashier's behavior, which was completely out of line, but they do provide insight into how you can make sure that *your* employees will never say, "I hate people like you!" to any of your customers.

This book examines natural barriers to outstanding service and provides suggestions for navigating over, around, or through them. You'll read some cautionary tales illustrating the dangers of ignoring the unnaturalness of customer service. And you'll learn about companies, departments, and individuals that have overcome these challenges to delivering consistently amazing results.

Notes

1. The American Customer Satisfaction Index, 2011 Airline Industry Results, www.theacsi.org.
2. You can watch Dave Carroll's humorous music video on YouTube: <http://youtube/5YGc4zOqozo>.
3. These were the ratings for my local Best Buy stores on www.yelp.com in 2011. As is typical, customer service ratings may go up or down over time as more customer reviews are added.
4. Jack Ewing, "DHL to Halt Express Deliveries in U.S.," *Bloomberg Businessweek*, November 10, 2008.
5. James Allen, Frederick F. Reichheld, Barney Hamilton, and Rob Markey, "Closing the Delivery Gap: How to Achieve True Customer-Led Growth," Bain & Company white paper, 2005; available at www.bain.com/bainweb/pdfs/cms/hotTopics/closingdeliverygap.pdf.
6. Jason Del Rey, "Case Study: How to Raise Prices," *Inc. Magazine*, January 20, 2011.
7. John H. Fleming, Curt Coffman, and James K. Harter, "Manage Your Human Sigma," *Harvard Business Review*, July–August 2005, pp. 107–114.
8. John Goodman, "Manage Complaints to Enhance Loyalty," *Quality Progress*, February 2006, pp. 28–34.