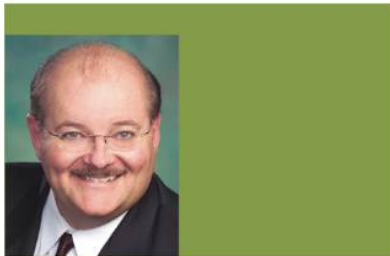




# Increase customer retention with superior service!

by Doug Knorr



## Turn It Around

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**W**hen I heard that this month’s issue of *Home Furnishings Retailer* was focusing on customer service, I saw it as the perfect opportunity to discuss one of the most important ways to “turn your business around” by increasing customer retention through greater customer service.

Even in the busiest of times, and when economic conditions are tough, we need to ask ourselves the question: “Is it important to make sure that my customers are totally satisfied?” Oh, I don’t just mean the ones that complain... what about the customers who never say a word?

Consider this sobering piece of research that was conducted by Bain & Company: “In business after business ... 60 percent to 80 percent of customers who defect to a competitor said they were satisfied or very satisfied on the survey

just prior to their defection!”

WOW! Without the slightest hint, the customer slips quietly into the night — and you and I have no idea why! You see, not every customer is willing to tell you about their dissatisfaction.

It is your job, not the customer’s, to make sure that every customer is completely satisfied.

All too often, we believe that customer dissatisfaction is only about a problem with a product they purchased or a service, or the perceived lack of service they received from us in the purchasing process.

John Lawhon, an old industry friend of mine, once cautioned salespeople: “If a product has 20 features and benefits, and you close the sale after only telling the customer about 10 of them, they will never be as satisfied a customer as they would have been if they had

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Lawhon’s observation made a great impression on me. I hope you take it to heart, too. Product knowledge has always been, and will always be, where good customer service begins in the customer relationship.

Research findings from John Bishop, partner of Retention Marketing Systems, and the Arthur D. Little Co. admonish: “The justification for customer retention marketing comes from the knowledge that it is five to ten times less costly to retain a customer than acquire a new one.

“In fact, a two percent increase in retention rates is the equivalent of a ten percent reduction in operating costs while a five percent improvement can lead to profit increases of up to 85 percent.”

Now that’s powerful! If you want to increase profits and turn your business around in 2008, a great place to start will be with your customer service and retaining more satisfied customers.


Do I hear you asking, “Where do I begin?”

If you are the president, CEO or owner of your business, the fundamental starting point is this: Customer service is not a department — it’s a philosophy!

Successful customer service always begins and ends at the top. When you, the leader of your company, have a vision and a passion for exceptional customer service, it permeates every part of your company and becomes readily visible at every level of your company, and is felt at every point of customer contact.

There are many creative ways to develop your customer service and retention plan. The first is for each of your team members to consider how they would like to be treated. One of the best ways to increase customer satisfaction is to follow-up with the customer shortly after the delivery, to make sure that everything is all right.

If there are any problems or issues, they must be taken care of quickly and completely. Once the customer is satisfied with your response, you and your team need to create a standard operating procedure (SOP) to assure similar problems are avoided in the future, providing better customer service to every customer.

Well, we are at the end of our discussion and I will leave you with this one last thought. When you focus on better customer service, you will increase customer retention and enjoy greater profitability. 

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**Remember:**  
**“Customer service is not a department — it’s a philosophy!”**

