

Friday, November 4, 2005
YOUR BUSINESS: *James Watson*

First priority: creating loyal customers

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In 1954, Peter Drucker said that the purpose of a business is to create a customer. It was true then and it's true now. However, today's customers are a lot smarter than customers in 1954. Technology has enabled customers to obtain more information about the products and services available and given them easier access to a greater selection of vendors.

Technology also enables businesses to capture more information about their customers. The challenge becomes for the business to capture the right information about their customers and to use that information in a way that will keep their customers coming back. If Mr. Drucker were to repeat his words today, he might say that the purpose of a business is to create a loyal customer.

Customer-focused businesses achieve customer loyalty by equipping their customer-facing employees with useful information about the clients they serve and training the employees to use that information in a way that will make any transaction easier and more valuable to the customer. While this has been standard practice for "big" industries such as financial services, the practice is less prevalent among small to mid-sized organizations.

Two personal experiences illustrate how a business can succeed or fail in this regard. One Saturday evening, I placed an order for a pizza delivery. The gentleman answering the phone dutifully took my order and confirmed the delivery address and each of the nine ingredients I requested for a "custom" pizza.

About six weeks later, I called that same pizzeria to order another custom pizza. Based on the caller ID, my prior order information was made available to the woman taking my order. The woman asked if I would like a pizza made with the same nine ingredients that I had requested six weeks earlier and began to recite each of those ingredients.

That made the process easier for me since I did not have to correctly remember and repeat the entire recipe because the pizzeria remembered it for me.

Beyond capturing basic customer information including names, addresses and phone numbers, the pizzeria captured more detailed transactional information - the product purchased and each of the components that were used to configure the product. While it's common to capture this level of transactional data, many businesses will limit its use to their internal accounting and billing functions. The pizzeria was successful because it extended the use of customer information from the back office by putting it to use in the front office. They made the information available to the employees that deal directly with the customers and trained those employees to use the information to provide better service.

I found the service to be so convenient that I continue to order pizza from that same establishment. Their effective use of customer information has caused me to become a more loyal customer.

Unfortunately, such information sharing is not standard practice for all companies.

I've been doing business with the same dry cleaner for several years.

But on one particular Saturday morning, I stopped into their retail store to pick up an order and asked that it be billed to my home delivery account. The clerk explained that she could only accept cash because home delivery account information is not available to the retail store counter people. Being without cash, I was forced to go to an ATM in order to obtain the cash to pay for my dry cleaning. The same establishment that made my life as a customer convenient for many years had now inconvenienced me by failing to make basic customer information available to its all of its customer-facing employees.

Providing your employees with the right information to serve your customers may well require an investment in software, technology and training. But these investments can pale in comparison to the costs associated with finding and growing new customers to replace those that defect to a competitor.

James Watson is a senior consultant with Systems Engineering in Portland. His practice focuses on Customer Relationship Management solutions. Watson can be reached at 772-3199 or jwatson@syseng.com.