

The Evolution of Customer Service

1949. I was three years old. Grandma James owned a small neighborhood grocery store in Cleveland. (No Cleveland jokes, please--we're going for nostalgia here.) The wood floors were stained dark brown and all the shelves towered over me. A cardboard bellhop stood near the front door, eagerly calling for Philip Morris. The apple red counter had a worn spot where hundreds of purchases had been transacted.

Whenever we visited I took it upon myself to open a box of cookies and offer them to the customers, especially other children. Sometimes I ate a cookie myself. Okay, maybe two. Many of the "regulars" greeted me by name and all of them knew grandma. Although I remember few specific details of the dozens of conversations I undoubtedly overheard--I do recall the overall impression was warm and cheerful: The James' corner grocery was a fun place to spend time or money.

I suppose in some corner of my mind I compare all customer transactions to the standards set by those memories. From the tangle of these reminiscences came a curiosity about our customer service history. Were these comfortable, pleasant recollections the products of a child's forgiving vision or was this warm, individual attention a routine part of conducting business in the past, a part we somehow lost and now struggle to recapture --for the benefit of all concerned?

1989. Denver Public Library--Parking \$.75 ea half hour, maximum \$2.50--a man with tattoos will collect the fee. I walk through rustling leaves and past a bag lady to the electrically operated entrance. The security guard sits patiently near the door. He is a bit bored; the library has just opened so no one is leaving yet and therefore no packages need to be searched for stolen materials.

Get to Know Your Customers--1930

Second floor: Periodicals. From the *Reader's Guide to Periodical Literature*, volume one, I learn that in 1900 no one wrote anything about customer service. Ditto 1901, 02, 03--until 1930. An article entitled "Study Your Customers" by Ruth Leigh appeared in the September 6 issue of *The Publishers' Weekly*. Ms. Leigh gets right to the heart of her topic by stating, "Stores are for customers, not customers for stores". Her advice is to make a "common sense effort to get a closer line on your customers: what they buy, how frequently they buy . . . and most important of all, the reason customers stop buying".

Her technique for acquiring this knowledge is to survey the customers through questionnaires and over the telephone. She suggests spending just an hour a day developing this customer network, recording the results on cards, one for each customer.

Analyze Your Customers--1941

We have progressed now to the *Reader's Guide* for 1941. Another *Publisher's Weekly* author, Edith Fletcher Hayter, reports in "Is the Customer a Problem?" on her method for analyzing customer personalities and suggests ways to handle each. Her categories include *disagreeable, silent, see-saw, talkative, and know-it-all*. Although her labels are not as colorful, perhaps this approach foretells the Bulls-Lambs- Drivers-Amiables-Little Professors-Nurturing Parents- Bulldozers-Sherman Tanks-et al categories we have to select from today. Her concluding advice is to "regard your customer not as a problem, but as [an] opportunity".

Good Help Is Hard To Find-1960s

Opportunity or no, only a handful of articles appear from then through the fifties. Then in the sixties interest picks up. The so-called “service economy” has begun, but the emphasis is still on the “economy” part with the “service” part missing. Management and customers are both interested in finding out where it went.

In 1965, *Vital Speeches* carried the transcript of a speech by Jack I. Straus, then chairman of Macy's, entitled, “Wanted: Concern for the Customer”. In his presentation, Straus recognizes the important nature of the topic. He comments that “a large part of the success of any business rests on human relations” and goes on to explain that if “contacts are pleasant, easy and satisfactory, not only will a sale take place, but a great many future sales as well.”

Focusing on what's wrong with service, Straus sums up the problem neatly for us. “The central service problem is psychological--employee attitudes”. Its roots are to be found, he confides, in the “great social advances” of the era. Such things as social security, unemployment insurance, pensions, high wages, and union rules that protect mediocrity have resulted in general loss of “job respect”. Although his observations undoubtedly have some validity, they do not go deeply enough to explain the service dilemma.

An article in *U.S. News and World Report*, “Why Customers Complain: The Breakdown in Service” (December 5, 1965, p 52) continues the whining, explaining that service jobs are found to be demeaning in the current tight labor market. The New York Better Business Bureau, the article relates, analyzed 71,000 complaints and divides the reported problems into four categories: delays, improper work, merchandise not performing as expected, and incorrect billings. Repairs and adjustments are usually promised, but no results follow.

Consumers Are More Articulate--1970s

By 1973, things aren't much better. The title of another *U.S. News and World Report* article sums up the status of service: “Whatever Happened to 'Service with a Smile'?” (October 15, p 40). Problems noted include lack of employee knowledge of goods and products and slow services. Again, difficulty in hiring “good help” is cited as a cause; further, a “lackadaisical attitude among many workers, especially young ones”, is listed as a major contributing factor.

Interviewed for this same article, Irwin Naitove, a senior VP at Chemical Bank of New York City noted, “Customers are more articulate than in the past” [no doubt a result of all the practice they were getting--*ed.*] “People are aware of their social and economic rights to complain to the purveyor of merchandise” and more likely therefore to “call the president, get him out of bed, and complain to him.”

Were our businesses complacent and smug, overly confident from lack of competition? Had consumers become conditioned to the understandable inconveniences of the War years--so that they got into the habit of tolerating poor service, but were now adjusting their expectations? Had increased mobility, population growth, good economic years, and urban sprawl created impersonal masses of undifferentiated consumers, an army of numbered robots with credit cards? Was a supply of customers looked upon as a natural resource to which businesses had some inalienable right?

Or had we shifted into a large-volume, discount-price, self-service nation with the emphasis on distributing as fast as possible to as many as possible with the personal-touch-extra-mile-style service cast aside by many businesses as too expensive, too time consuming, too much bother?

Whatever the reasons, and they likely include all of the above and others as well, our new style of doing business was evolving with the service part left embarrassingly behind.

To be polite, customer service needed to catch up. We'd started out okay. Ruth Leigh and Edith Fletcher Hayter had the right idea. Somehow we got off track. Service had not kept up with fundamental changes in the way business was conducted. Our need to reach a new balance was and continues to be a challenging assignment.

Consumers were making their displeasure known. Management's first reflex was to blame front line employees. A second look showed the cause of the problem went deeper. One prerequisite for real progress was a recognition that management's contribution was not merely passive, that it could not sadly shake its collective head and excuse itself from responsibility to the customer by complaining about the employees.

In reacting to customer complaints in the early 70s, insightful companies considered salary increases, promotions, and training that included complaint handling as beginning steps to improve service. Improving the work environment and involving employees in decisions were being discussed as well. These firms were the exception, however.

Solutions and Hard Work--1980s

We now begin to see more widespread acceptance that the organization's attitude toward service *starts at the top*. This was essential for any lasting changes. As Jack Craver, executive VP of New York's Plaza Hotel said, "No matter what the business, the responsibility for good service starts and stops at the top."

This idea receives reinforcement and emphasis. An excellent article entitled, "Companies that Serve You Best" (*Fortune*, December 7, 1987 p 98) sums the concept up quite well, "The most important factor in outstanding customer service sits in the corner office. When the CEO eats, sleeps, and breathes service, the rest of the troops catch the spirit pretty quick."

The recognition by management that it does in fact determine how customers are treated--directly, by policy and by example, and indirectly, by working effectively through well-trained employees--is basic to any long term improvement in customer service.

As the significance and scope of the service deficiency became apparent, interest in and need for information and guidance grew. The volume of material on customer service issues has increased steadily since the sixties. That more work on this subject began in the 80s therefore is no surprise, but a comfort.

Help is on the way. In addition to the attention service receives in periodicals, customers are the focus of many books in the 80s, demonstrating both effort and interest. In another article with a title reflective of the thinking of the times, "Making Service a Potent Marketing Tool" (*Business Week*, June 11, 1984, p 164), we read that many firms are waking up to "enlightened self-interest--the knowledge that by serving customers well, companies serve themselves". This awareness combined with rapidly growing global competition fosters a strong upsurge in analyzing what customers want and how to provide those things.

Louis V. Gerstner, Jr., chairman and chief executive of AmEx's Travel Related Service Company, commented, "Service is our most strategic marketing weapon...It's the only way we can differentiate our product in the marketplace."

As more and more companies come to appreciate the impact customer service has on their marketing efforts, the question is no longer whether or not but how best to go about improving service. Ironically, one of the basics was aptly described in 1930 by Ruth Leigh: Ask the customer.

In "Companies that Serve You Best" (Fortune, December 7, 1987, p 98), we find a similar though more sophisticated handling of the same idea: "The rewards of giving superlative service have never been clearer...the best way to develop a service strategy is to listen to customers."

Demonstrating an even more in depth understanding of the concept, an observation from Christopher Hart, assistant professor at Harvard Business School, that relying on complaints and "ubiquitous service questionnaires" does not provide thorough enough information. "The problem with such methods is that they measure only the extremes...You hear from Mr. Grumpy and Mr. Smiley, but not from Mr. Average." (*Business Week*, June 11, 1984, p 164)

Hear from Mr. Average we must, however, in whatever fashion we can find to start a conversation. Business can no longer afford to let dissatisfied customers silently take their purchasing power elsewhere. G. Gibson Carey, a Proctor and Gamble division manager reports they consider their 800 number a "distant early warning signal" of product problems. Without it, "we wouldn't find out about [problems] for weeks of months" ("Customers: Proctor and Gamble's Pipeline to Product Problems", *Business Week*, June 11, 1984, p 164).

While the resources and technology that make talking to the customers seem easier--full time staff, 800 lines, computers, and so on--are readily affordable to large firms, seemingly putting the small business at a disadvantage, "the one hour a day" devotion to personal contact with customers prescribed by Ms. Leigh offers a compensating edge.

One of the things we now know customers are searching for is a feeling of being appreciated. They are tired of feeling they are an interruption, a nuisance, or just too much trouble. This positive emotional element is much more difficult to achieve on a mass scale, but offers smaller companies their special advantage. Businesses of any size can improve service. It's merely a matter of selecting appropriate methods.

In fact, the emotional atmosphere that surrounds any transaction is as important to customer perception as the actual service itself. "Customers all want effective service that solves problems quickly, but surveys show that the emotional tone of the person serving them makes just as strong an impression." (*Fortune*, p 104). If this concept was understood and applied in a neighborhood grocery in Cleveland in the 40s, we can certainly handle it in our present markets.

Reinforcing all of this we find formal surveys conducted by several agencies during the 80s. One of the most well known was a 1986 update of an earlier study done by Technical Assistance Research Program (TARP), "Consumer Complaint Handling in America".

The statistical results underscored the impact of poor service on future business: One out of four purchases result in a problem, 70% of customers with a problem do not complain to the company from which they purchased, 91% of dissatisfied customer don't come back, and dissatisfied customers tell two to four times as many people as satisfied ones. This type of report creates awareness and a sense of urgency.

The next development in our service evolution is our understanding that employees treat customers much the same way that management treats the employees. Those same employees need also to treat each other like customers. “For a company to shine in customer service, every manager and employee has to get the service religion...Get the back office to treat front-line operations as customers.” (Ibid.)

Indeed, by the late 80s, few commentaries on service omit mention of the “internal customer”. We are recreating company cultures; that takes time and a great deal of work. As Stanford trained psychologist, Roland Demas points out, a “top to bottom concern with customers is necessary to achieve real service quality” (Ibid.), an approach that involves everyone and all company functions. Being able to grasp this concept and apply it demonstrates a level of service sophistication and maturity only a small proportion of firms have attained.

Starting with a management that strongly believes in the benefits of service, hiring and training the right people, appreciating the invisible but real emotional element, supporting a company culture that recognizes internal customers as well as external--this represents quite an improvement from the hand wringing that was going on mid-century. Customer service is no longer synonymous with “complaint department”. The marketing impact of quality service has been driven home by global competition and the need to differentiate products and services.

It took a while for us to understand the real problem, discover appropriate solutions, and begin to implement them. Then, too, as with all facets of human development, there are those who lag behind, whether through ignorance or complacency.

Many of the pioneers of service are functioning in the Modern Age, some businesses (the auto industry comes to mind) have just entered the Renaissance, still others remain in the Dark Ages and there are even some left behind in Neolithic Service. This circumstance of having thousands of different levels of awareness and accomplishment in service can result in our thinking that no progress is being made. It is still all too common to encounter terrible service, sometimes on a daily basis.

Even those who became “enlightened” early and have a head start on service find it an often frustrating task. Service isn't made in a factory and stored until needed. It is created and consumed on the spot with the ever present emotional tone spontaneously emerging at the same time, in what might be called a chemical reaction between the customer and the company.

As Leon Gorman, of the highly respected L.L. Bean mail order house said of service, “It's just a day-in, day-out, ongoing, never ending, unremitting, persevering, compassionate type of activity.” (Ibid.)

Seems like a lot of bother, doesn't it? Remember that the rewards are commensurate with the effort. Consider, too, the lessons learned by Detroit and the effort required to regain lost markets--considerably more painful than keeping customers loyal right from the beginning.

Where does the home building industry fit in all of this? We are as curious a mix as other types of business when it comes to service. Pioneers are polishing service on one end of the scale while at the other extreme there are builders are a frank embarrassment to the real professionals. And there are builders at virtually every level in between.

We too have struggled to reach an understanding of this important subject and then adjust it to the peculiarities of our unique industry: Our product does not lend itself to exchange or refund. Our relationship with our customers usually lasts for months prior to delivery and years after. The product represents the combined efforts of dozens of companies, all coordinated and directed by ourselves. The layering of responsibility is complex, and the opportunity for problems abundant.

But service basics are now readily available to those who take the trouble to learn and apply them. One thing is clear, the service evolution is not just a fad or merely the most recent business trend. It is a fundamental aspect of business that has its roots spread through decades of transactions.

Having a perspective on how far we've come should make it easier to proceed with this “day-in, day-out” task. For those who move ahead with energy and enthusiasm, this “enlightened self-interest” will bring positive results.