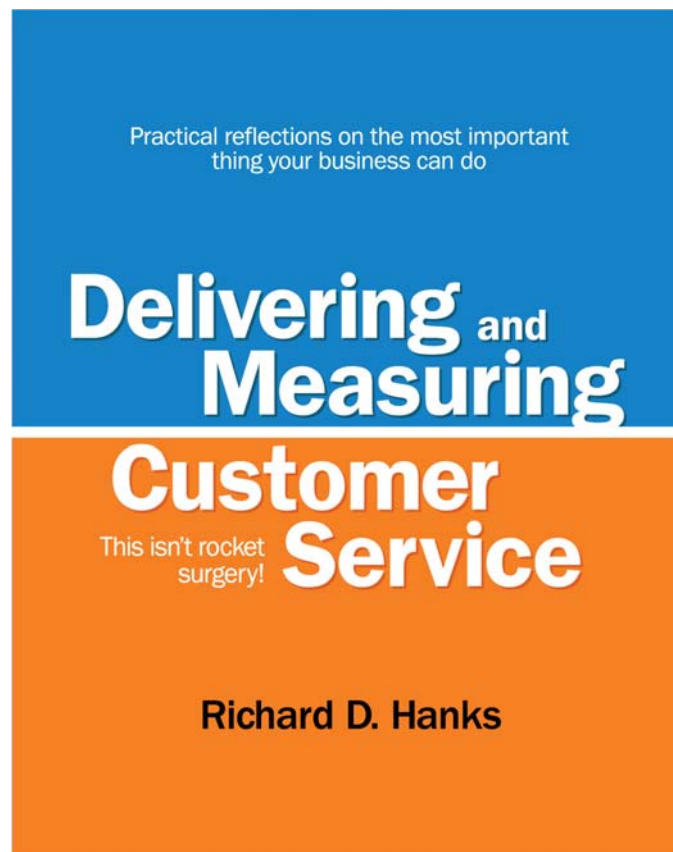


## **BOOK EXCERPT**

**The following excerpt is from the book,  
Delivering and Measuring Customer Service  
by Richard D. Hanks.**



**“As a student and teacher of the subject, this is the finest book on customer service I’ve ever read. Why? It’s so practical, so down to earth – beautifully bridging theory and principles with techniques and practices. A literal treasure trove of doable ideas!”**

**—Stephen R. Covey**, *Author, The 7 Habits of Highly Effective People, and The 8th Habit: From Effectiveness to Greatness*



## **“In God we trust, all others bring data”**

(W. Edwards Demming)

### ***If you don't measure it, you can't improve it***

You've probably heard these two wise proverbs:

**“Inspect what you expect.”**

**“That which gets measured gets done.”**

I learned early in my career that if you don't set and then measure expectations, you'll only get mediocre performance in return.

### **How to measure**

When it comes to measuring how well your employees are performing, there are multiple tools at your disposal. There are numerous efficiency and effectiveness measures. They include so-called “*hard*” measurements, such as units sold, hours worked, customers talked to, complaints resolved, etc.

Then, there are the more *subjective* metrics used to measure how well an employee is performing. At Mindshare, we work with major global companies in multiple industries. While the industries vary greatly, the general methods used to evaluate employees are easily grouped into a couple of buckets. Most types of customer measurement fall into one of three general areas: (1) internal auditing, (2) external shopping, or (3) the actual customer experience. Let me briefly address each of these methods and their strengths and shortcomings.

### **Internal auditing**

In call centers, this is usually called “ghosting” or “whispering.” In food and retail locations, this is often called something like “supervisor shopping” or “internal shopping.” With this method, employees of the company use their skills to *audit* a location and/or employee for adherence to processes and procedures.

**Pros:** Company and policy knowledge, relatively inexpensive.

**Cons:** Subjective and biased, *not the actual customer*, not continuous.

### External shopping

This is often called “mystery shopping,” as conducted by “secret shoppers.” In this method, *third parties* are paid to pretend they are a customer. They visit a location and perform detailed reviews of performance against pre-determined standards and specifications.

**Pros:** Detailed, more areas can be graded, can measure processes.

**Cons:** Questionable quality (because shoppers are not always sufficiently trained), expensive, *not the actual customer*, very small sample, not continuous, day-to-day inconsistencies will not get noticed.

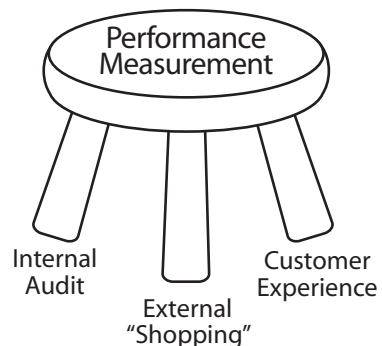
### Customer experience

Sometimes called “customer satisfaction measurement,” “customer experience management,” “compliance monitoring,” or simply “customer feedback.” In this method, *customers themselves* voluntarily leave comments about the experience they just had.

**Pros:** Feedback from *the actual customer*, anonymous, inexpensive, continuous, large sample.

**Cons:** Not as precise in measuring compliance to desired processes.

Because Mindshare has its roots in mystery shopping, and our executives have significant experience in all three methods, we feel confident in our conclusion that, of the three methods, the most important is knowing what *the actual customer* perceived their service experience to be. A few of our clients will use all three measurement tools to get a three-legged stool approach to measuring the service experience. However, the majority have migrated toward using only automated customer feedback surveys in lieu of any other performance measurement tool. If a client does choose to use two or three different types of feedback, they will often create an *integrated dashboard* of service measurement. For example, we have a number of restaurant clients for whom we provide consolidated feedback, showing results from: (1) customer surveys, (2) internal compliance audits, and (3) external mystery shops, in a single set of actionable reports. (See the chapter “Holistic sounds like a massage to me” for a further discussion of integrated reporting.)



### ***Next Steps (OK, I believe; now how do I get started?)***

I almost titled this next section:

#### **“We are trained professionals; do not try this at home.”**

Without question, this all looks much simpler than it really is. After all, aren't we just talking about surveys here? Why not use one of those cheap survey companies on the web? Another thing we occasionally hear is, “Let's just let the local unit manager choose for themselves, whether or not they want to participate in using a customer feedback tool.” Allow me to hop up on my soapbox and present four very direct, very strongly-opinionated suggestions to you:

1. **OUTSOURCE THIS!** Do not let your IT department talk you into trying to build your own customer feedback system. (Remember, engineers love to make things.) There is a tendency to significantly underestimate both the complexity and cost of gathering and evaluating customer feedback. In any accurate “build vs. buy” analysis (which must include fully-loaded internal costs), it almost never makes economic sense to build your own system. Do you make your own electricity? Accounting software? POS systems? etc. Of course not – these are not “what you do.” Customer experience management is not your core competency either. But it is the core competency of an expert vendor-partner.

A homegrown system will never achieve the scale and cost leverage of a specialized vendor. For example, at Mindshare, we've spent five years and over seven million dollars creating our purpose-built survey and reporting software, and developing comprehensive domain expertise. We collect information across hundreds of clients. That leverage means not only cheaper costs, but also significantly better features, more reliability, and a sharing of ideas and innovations across 25 industries. You also get the benefits of benchmarking against peer companies and sharing of best practices. But, perhaps the most important reason for using experts is the opportunity cost of taking your eye off your own core competency. The time and resources you spend trying to create your own feedback system should be focused elsewhere on *improving* your core business.

2. **START NOW!** The sooner you start collecting customer information, the sooner you will be able to establish objective norms and trends as a baseline. You need to get going on data collection right away. Even if you start today, you won't be able to look at seasonally-adjusted, year-over-year growth charts for at least 12 months! *Get started!*

3. **MAKE IT MANDATORY!** Lots of franchise organizations do a “dribble roll-out” by allowing franchisees to choose if customer feedback is something they’d like to do. Think about this. Do you know anyone who *wants* to be measured and who will jump up and down with joy saying, “look at me, look at me – see where I’m falling short?” Of course not. Save yourself the headache later; mandate their participation now. Without full participation of all units, every report that displays rankings and comparisons (e.g., store, region, company, team, etc.) will be incomplete. **Make customer feedback and measurement a “brand standard” of your company.**
4. **TAKE ACTION!** “When all is said and done, more is usually said than done!” Here is the bottom line:

***If you make customer feedback measurement optional, then you are sending a very clear message that customer service is also optional!***

***Use the information.***

***Fix the problems.***

***Celebrate the positives.***

***Improve the employees and the processes.***

Then ***repeat the cycle.*** (See the chapter on “Lather, Rinse, and Repeat.”) Since the only meaningful measure of long-term satisfaction is repeat purchase, then all efforts should be focused on delighting each customer so he/she will return again and tell their friends. This brings us back, once again, to a basic principle:

**“Spectacular success is usually preceded by unspectacular preparation.”**

Superior customer service is hard, repetitive, and sometimes tedious work, but it’s exactly that effort that makes the difference!

**PRACTICAL TACTICS: (Questions to ponder)**

Have you made “hard” statistical measurements an integral part of your company? Are you still relying on external, third-party mystery shopping, or have you begun using automated surveys to collect **actual customer experience feedback**? Is customer satisfaction measurement a “nice-to-have,” or have you mandated it across your organization? Are you doing anything with the feedback after you collect it? Do you require follow-up action?

# ***About the Book***

## **“DELIVERING AND MEASURING CUSTOMER SERVICE”**

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**Order your copy at:**

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*(volume discounts available)*

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# ***About the Author***

## **RICHARD D. HANKS**

Richard D. Hanks is the Chairman and President of Mindshare Technologies. Mindshare's proprietary survey and analysis technology captures customer and employee feedback in real-time and immediately transforms it into *actionable* intelligence. The company serves major clients in over 25 industries, amassing over a quarter of a billion customer insights per year. Mindshare's objective is to help its clients achieve “operations improvement through customer involvement,” leading to increased customer loyalty, revenues, and profits.

Rich has been a senior executive of several Fortune 500 companies as well as several start-up ventures. He was a corporate officer at Marriott, an executive with PepsiCo and Price Waterhouse, and CEO of Blue Step, a software start-up. Rich was named “*The Leading Sales Innovator in the Lodging Industry*,” and Marriott's sales team was rated one of the top 25 among all companies in the U.S. for four years under his leadership. Rich also led Marriott onto the Internet, prompting Bill Gates to refer to him as an “important Internet champion” in his book *Business @ the Speed of Thought*. Earlier in his career, Rich was called the “*Leader of Hotel Revenue Management and Strategy*” for his leadership in hotel pricing and yield management. He is also a CPA. Rich was nominated as *Utah Entrepreneur of the Year* in 2001 and 2007.

He is an author and frequent teacher/speaker at trade, academic, and professional gatherings. Rich was an adjunct professor, and taught at Cornell University for 10 years. He obtained his bachelor's degree from BYU and his MBA from Northwestern University. Rich and his wife, Liz, raised their family in Texas, Maryland, and Utah. They have three grown children, and reside in Salt Lake City. He is active in his faith, serving at various times as a missionary, youth leader, and Bishop (lay minister) of a congregation. Rich loves being with his family, and in his spare time enjoys basketball and woodworking.

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“If you are interested in customer service this is *must reading*. If you are not, this will convert you now. Useful, applicable, and fun. I learned a lot.”

**—William R. Tiefel**

*Chairman, CarMax, Inc.; Chairman Emeritus, The Ritz-Carlton Hotel Company, LLC*

“A commitment to delivering and measuring customer service is the hallmark of truly great companies. Rich Hanks has captured the heart of that commitment with his down-to-earth writing style. This book is full of actionable insights that can be put into practice today.”

**—Nolan D. Archibald**

*Chairman and CEO, Black & Decker*

“It’s refreshing to read a business book that is both relevant and entertaining. The techniques you share have been proven to not only build sales, but also create loyal followers that are faithful to a brand. The days of actually listening, learning and responding to customers are back!”

**—John D. Barr**

*CEO, Papa Murphy’s International*

“JetBlue isn’t in the aviation business; we’re in the customer service business. People ask us where we get our innovative service ideas and the answer is simple, our customers tell us what they want, and we deliver. That is what Hanks’ book is all about.”

**—David Neeleman**

*Founder and Chairman, JetBlue Airways*

“A tremendously valuable tool for any executive who is clearly devoted to raising the quality of the customer experience and enhancing customer delight. We’ve seen the positive results of utilizing the principles taught in this exciting book and recommend them highly.”

**—Larry J. Magee**

*Chairman and CEO, Bridgestone Firestone Retail and Commercial Operations*

“Fulfilling the expectations of customers – past, present, and future – is a key to profitable innovation. This book coaches corporate leaders, not only on ‘why,’ but ‘how’ to do that.”

**—Clayton M. Christensen**

*Professor of Business Administration, Harvard Business School; Author, The Innovator’s Dilemma*



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