

PUT A CUSTOMER IN THE BOARDROOM

SPORI BUSINESS REVIEW

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Dear Mr. Keller:

We are submitting a research report entitled "Put a Customer in the Boardroom" in response to the call for articles by Cumorah Publishing on January 19, 2011.

This report examines the business environment of the 21st century, specifically the threat faced by increased global competition and lower prices from abroad. The report offers the solution to competition in the 21st century: customer service. Customer service will become the main differentiator in the future as companies increasingly face competition from "me-too" products offered with similar quality but at a lower price. If price and quality equalize, customers will have little reason to choose one company over another. However, when companies offer a great product experience and support will win customers and profits.

Key to the development of an excellent customer experience is the rising role of the Chief Customer Officer (CCO). Only 10-15% of the Fortune 500 companies currently have a CCO. However, the role of the CCO will become vital in the 21st century business environment as companies compete for customers. This article is relevant today because of its illustration of a new place in the executive boardroom. We have used reputable sources from Stanford, the United States Government, and *BusinessWeek*.

Sincerely,

Joe Mosher

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ABSTRACT

With an increasing globalized society, it is becoming more and more important for businesses to keep a watchful eye on their customers. It is much easier for a business to keep a customer than it is to make a new one. This is primarily due to the expanse of communication and information technology. These improvements should make it easy to keep customers but that isn't the case. The current technology allows competition to flood the market and distract both old and new customers.

Today's consumer is less loyal than customers in previous years. Businesses who have failed to keep track with current technology have lost touch with their customer. This fragmented relationship causes decrease in revenues and loyalty. Most of the consumers today are technically savvy and can find better deals via their cell phones while in the store. Competition is always just a click away. It is vital to the survival of a business to stay one step ahead of the competition.

This article is dedicated to helping companies understand what the customers of tomorrow will expect out of their shopping experience. Social media makes it easier for companies to stay on the minds of the consumers but is that enough? Customers are continuously becoming more and more unfaithful to companies and are routinely searching for a better price elsewhere. What can be done to hedge against customer loss?

The chief customer officer (CCO) is a position designed to help a company stay up to date with current technology and consumer trends. A consumer is constantly changing; trends are constantly changing. It is necessary for a business to constantly change. The great thing about this article, "Put a Customer in the Board Room," is it emphasizes the importance of the upper management's involvement. Unless the people on top act quickly to the trend changes, their business could lose a substantial amount of business.

Customers have many real and substantial needs. As long as these needs are met the customer is satisfied. If the customer is satisfied the customer will most likely return. One bad experience for a customer could send him or her away to never return. This article addresses 10 things that should always be done to take care of customers. The CCO is responsible for implementing company policy to ensure that customer needs are met. The CCO is also responsible for staying up to date with trends and consumer needs. A CCO needs to dig deep through the bureaucracy of a company and make the customer service as pleasant as absolutely possible.

The position of CCO is on the rise. If current employment trends continue it will persist in gaining momentum. However, in the fast paced life style we live, what other choice do businesses have?

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THE BUSINESS OF THE FUTURE

The world is globalizing. Products and services are being imported, exported, outsourced, in-sourced and off-shored. People around the world enjoy far greater selection for goods and services than at any time in world history. With the increase of globalization, the business environment of the 21st century is changing rapidly.

Globalization is a force “so ubiquitous that it will substantially shape all other major trends” (Brandon, 2005). Competitors are no longer coming from the same city, state, or country. “Drops in the cost of transportation as well as increases in technology have led to increased global trade, competition, and more products being available to local consumers” (Kreuger, 2011). Now, competition comes from any country in the world that has an internet connection. With increased competition, prices naturally drop until we achieve perfect competition where everyone’s price is nearly identical. With better technology, developing countries are now able to produce at the same quality as other countries. While that may not be entirely true today, it will be true in the very near future. Will company’s only be able to compete on price in the future? With the increase in foreign competition, it would be reasonable to fear that customers will simply purchase the lowest price. We’ve seen this start to happen already with customers purchasing their electronics from Walmart instead of Best Buy, merely to save a few dollars.

CUSTOMER SERVICE IS THE KEY

Without being able to compete on price, the customer experience will become more and more important in the 21st century business environment. If customers can get the same product from somebody else for the same quality and the same price, why should they buy it from you? If you provide better value to customers, naturally they will want to purchase from you. When you provide the same product, quality, and price, the key differentiator then becomes the customer experience. There are numerous reasons why the customer experience matters, after which we will explore the new-comer to the 21st century boardroom: The Chief Customer Officer.

CUSTOMER SERVICE

Customer service is a vital part of a company's job and should not just be seen as an extension of the company (Friedmann). Customers are a company's most vital asset.

Without consumer businesses would and could not exist. When a customer is satisfied a business grows. This happens when the customer recommends the business to family and friends and the customer continues doing business with the company.

There are many key traits to great customer service. Susan Friedmann discusses some of them in her article called, "The Ten Commandments to Customer Service."

THE 10 COMMANDMENTS OF CUSTOMER SERVICE

- 1) Know who the boss is. Businesses are designed to fulfill the needs of customers and that can only be accomplished if the customer's needs are

understood. Listening to customers is the best way to provide them with good service and let them know they are boss.

- 2) Be an effective listener. As mentioned above listening is how customers feel validated. Listening requires asking thought provoking questions. Listen to the responses of the customer. What is their attitude? Asking effective questions and listening well will help to notice trends and assumptions customers have. This will allow a business model to change with the changing demands of consumers.
- 3) Anticipate needs and trends. Rarely to consumers want products or services. They want peace of mind and solutions to problems. Customers shop to meet an emotional need rather than a logical need. It is a business's responsibility to see these needs and take care of them.
- 4) Make customers feel appreciated. Customers need to be treated as people not statistics. Learn their names and use it regularly. When appropriate, find ways to compliment them. This will create trust. Make sure employee body language conveys appreciation and gratitude. Thank customers as often as possible.
- 5) Teach customer the systems. Each business organization is different. These differences make it tough for consumers to learn all of them. Explain the system

to customers. When customers don't understand they get frustrated, confused, impatient, and angry. They harbor negative feelings towards unclear businesses.

- 6) There is power in saying "Yes." It is important for businesses to look for ways to help customers. When customers have questions businesses need to let them know they can help. Once the customer is at ease with their problem find the best solution to their problem. Always perform any tasks agreed to.

- 7) Know how to apologize. Mistakes and accidents happen. When something goes wrong, apologize. It's easy and customers appreciate it. Customers are not always right, but they must always win. Deal with issues immediately before the customer has left or made a negative scene. View complaints and criticism as a way to improve business practices. Don't take complaints personally.

- 8) Go above customer expectations. The future of a business goes hand in hand with the happiness of customers. It is important for a business to constantly evaluate how it sits compared to the competition. A business should ask:
 - What can I give my customers that they cannot get elsewhere?
 - What can I do to follow-up and thank customers?
 - What can I do for or give customers that is unexpected?

9) Get feedback. Businesses should always look for ways they can improve.

Customer feedback a great way to find out what can be improved. Feedback can be obtain by:

- Carefully listening to what customer say.
- Regularly checking back to see how things are going.
- Provide a method that invites constructive criticism, comments and suggestions.

10) Treat employees well. Employees are the face of the company. A happy employee will be more likely to treat customers well. Employees need a regular dose of appreciation. Find ways to thanks them and let them know how important they are to the business operations. Appreciation starts with the chief officers. If they do not show appreciation for those around them it is unlikely that attitude will flow to the entry position employees.

By performing these ten simple tasks, businesses can create brand loyalty and lifetime customers. This happens are customers understand the benefits that a business can offer them. When these benefits are difficult to see customer go elsewhere to have their needs satisfied. It is important for businesses to take care of needs correctly the first time. Failure to perform these ten steps will lead to the failure of businesses.

THE FUTURE OF CUSTOMER SERVICE

Scott Schwartzman, COO of Serviceware, recently shared his insight regarding the future of business and customer service. He said, “As the economy continues to

rebound, today's dynamic and competitive business environment requires a new way of approaching customer service and support. Of course, modern customers still want to be reassured that they are buying a quality product or service; however, they also want to feel valued, respected and important. Many of today's customers are also quite tech-savvy. Therefore, they want to be able to access quality customer service quickly, anytime of day or night."

A continually globalizing society leads to a more complex environment. The rapid increases in technology and the way we communicate make staying in touch with consumers easier. However, this increase also makes competition just a click away.

What is the future for quality customer service?

In order for businesses to progress, they must adapt and change with their customers. The era of customer loyalty is coming to a close (Schwartzman). Customer can quickly pick and choose the product that meets his or her needs at a more affordable price.

Adaptive, knowledge powered technology support is the solution that allows businesses to keep pace with changing conditions for the information technology department (Schwartzman).

Being able to adapt the technological support is key in these fast changing times. If it can't adapt quickly then the technology is worth purchasing. Things are changing too quickly (Schwartzman). Social media is a great example of a adaptive technology that can quickly change and adapt to meet the needs of both business and customer alike. As the social media industry expands it will be a more powerful way to reach out to many customers (Fisher, 2010).

THE CHIEF CUSTOMER OFFICER

NEW DEVELOPMENTS

The corporate environment in recent years has been focused on the word “no.” Author Jeanne Bliss wrote about her experiences in corporate America:

The most important skill required for the job: pushing back on the answer ‘no.’
No we can’t change that policy. It makes too much money. No, customer’s don’t need us to resolve their problems on the first call. No, no, no. There is no reason that we should talk to customers to understand why they left! (Bliss, 2006 p. 3)

This illustrates the attitude that has permeated corporate America during much of the 20th century. Customers weren’t able to get your products anywhere else, so they were stuck with you. You didn’t have to treat them nicely, what other options did they have? However, in the 21st century business environment, things have changed. Now customers can get your product anywhere and probably for a cheaper price. The key to customer retention now is the customer experience. But who is going to focus on the customer experience? The CEO has to ensure profitability to shareholders, the COO has to make sure operations is running smoothly, the CFO has to make sure the company is in sound financial condition, and the CMO is focusing on making people aware of the latest products. Who is watching out for the customer? Who is watching the company to make sure the customer is getting a consistent and positive

experience? Fortune 500 companies have only just begun to realize the value of the key executive needed to weather the coming storm: The Chief Customer Officer (CCO).

WHAT THE CCO IS

The Chief Customer Officer is a new and developing member of the executive board whose primary role is to act on the customer's behalf (CCO Council, 2011). The CCO is given the responsibility to act as the customer advocate in all decisions the company makes that can have a potential impact on the customer experience. The CCO is the proxy for the customer in the boardroom. This allows companies to consider the impact of all decisions in relation to how it will be viewed by existing customers. The last thing you want to do as a business is alienate your customers. Consider how you will sell products if you have no one to sell them to?

WHAT THE CCO DOES

The CCO Council is a newly formed professional networking group for Chief Customer Officers. On their website, they provide valuable insight into what the CCO does. The website states, "The chief customer officer is responsible for the entire relationship experienced by a customer. Anytime a customer uses anything produced by a company, the CCO needs to know about it and be involved" (Chief Customer Officer, 2011). Because of this responsibility, the CCO participates in strategic decisions, development of a customer strategy, and the retention / expansion of customers. In

all decisions, the CCO must look through the eyes of the customer and consider the reaction to a business decision.

STRATEGIC DECISIONS

When making strategic business decisions, the CCO will advocate the customers' perspective and articulate their potential response. It may make financial sense to move a production facility to another state in order to take advantage of a more favorable tax code. However, customers may be alienated by the resulting increase in shipping times to acquire their products. Companies may want to send their call-center divisions to India to take advantage of cheap labor. However, customers may be fiercely opposed to outsourcing and defect to the competition. From a normal CFO or CCO perspective, these strategies make complete sense and should be pursued. However, the CCO can provide valuable insight into the resulting consequences of these decisions. The CCO provides the insight that a customer would provide if the customer was in the boardroom during the decision making period.

DEVELOPMENT OF THE CUSTOMER STRATEGY

The CCO's role is to understand the customer inside and out. The CCO must understand a customer's buying motives, price sensitivity, and customer support requirements. By understanding these things, the CCO is thus responsible for creating and integrating a customer strategy. A customer strategy is the plan of attack for meeting customer needs. The strategy guides management and employees when determining how to meet customer demands. One customer strategy would be to

provide the fastest response to any negative experience. This would then lead the CCO to develop teams designed to instantly respond when customers are displeased or are considering leaving the company. The responding team would work with the unhappy customer to resolve concerns, provide solutions, and retain their important business. The plan of attack from the customer strategy can increase brand loyalty, increase revenues, and drive profitability.

RETENTION / EXPANSION OF CUSTOMERS

A main function of the CCO is to retain customers and locate more. Interestingly, the CCO should also find customers within the existing base that need to be dropped. Some customers are actually worth less than the trouble that they cause and should be abandoned to focus on valuable customers whose needs can be met. The CCO should also meet with key customers in person in order to build stronger relationships with them. The customers 5-10 year plans can provide valuable insight to how the company can meet their needs now and in the future. The personalized CCO meeting demonstrates to the customer that the company is committed to taking care of them.

CONCLUSION

The era of globalization is far from being over. Companies will continue to face intense price competition from foreign competitors. However, the customer experience matters. Companies that can utilize the 10 commandments of customer experience, focus their efforts on meeting customers' needs, and make strategic decisions with the customer in mind will be able to emerge profitable and strong in the 21st century business

environment. The Chief Customer Officer will become the key player in this strategic approach to the challenges that lie ahead.

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