



Acquiring and Retaining Customers

The *raison d'être* for you and your employees should be to provide superb service quickly and in a cost-effective manner.

- Make your employees aware of the importance of meeting customers' needs. Customer issues should be emphasized in departmental meetings and on your bulletin board.

- Invite customers into your work area. Let them provide feedback on service.

- Remind employees about the importance of customers. Place messages on walls and bulletin boards. Display your mission statement, which describes what you do, for whom, where (geographic area), how you serve customers and why you do what you do.

- Measure critical indicators of customer satisfaction such as delivery, service and quality. Display these measures where everyone can see them.

- Involve your people in the collection of data on customer service. This will help them develop ownership and responsibility for performance.

- Obtain formal feedback from your customers through written or person-to-person surveys. Analyze the data and prioritize the opportunities revealed.

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Your Friend, the Angry Customer

BY CHUCK DENNIS

Fear not the angry customer. He is not the enemy but one of the best friends your business has!

If you set aside the anger, tone of voice or occasional insult, you will realize that the customer is speaking out because he feels wronged and believes that you can help him. This is a golden opportunity to win and solidify your customer's loyalty.

A study by Technical Assistance Research Programs (TARP) shows that customers who have had a problem successfully and amicably resolved tend to be more loyal than customers who have never experienced a problem with that business. Smart businesses use that opportunity to listen, learn and satisfy those customers, and prevent the problem from occurring again. It is here angry customers prove their worth.

Listen to the Customer

The first step is the most important one: when the customer calls, let him say his piece. Do not try to resolve his issue before he explains *both* his problem and its ramifications. Frequently this is where service calls go awry.

While this is unpleasant, businesses need to hear this crucial information. If service reps are rewarded for quickly ending calls or, worse yet, their knee-jerk reaction is also anger, valuable knowledge about the customer, products or services is lost. You also lose any hope of a repeat sale, driving the customer's next purchase to your competitor.



The second step is to ensure the customer knows that you heard him.

Empathy

Other than asking clarifying questions, your initial response should be empathetic: "Oh that isn't good! I can understand why that would be upsetting to you."

It is imperative not to skip the third step: "Thank you for telling me about this issue."

Moving Toward a Solution

Thanking a customer for complaining not only disarms some of his anger but also sets the expectation for a solution. Only then should you start to discuss the resolution, or explanation, of the problem.

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AMA Soundings

Lessons learned from the AMA/HRI *Magnifying Customer Focus* include the following:

- Not only do leaders need to support the notion of customer focus, they must "walk the talk" of customer focus themselves.
- Some executives might be overly optimistic about the day-to-day customer focus of their companies.
- In many of the best firms, responsibility for customer service is vested relatively high in the corporate structure.
- Customer needs should play a significant role in the innovation process, but companies need to recognize the hazards of relying too heavily on customers for innovation.

For more insights from *Magnifying Customer Focus*, visit www.amanet.org/research

Your Friend, the Angry Customer

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This is *not* the time for lame excuses. Never place the blame for a customer's problem on another employee/department/vendor or, heaven forbid, the customer himself! Remember the goal—resolution of the issue to the customer's satisfaction, not getting the heat off *you!*

Company Policy?

The final point is to avoid using the dreaded phrase "Company Policy" as an excuse or an explanation for a customer problem.

Policies are written with the company in mind, not the customer—and customers know it. Instead, simply explain *why* a policy is in place.

If there is a good reason, share it! If not, then re-examine it—it may be causing customer unrest!

The most important aspect of providing world-class service is having thick enough skin to listen and get beyond the customer's anger to understand its cause. Getting on the same side of the issue with your customer drives repeat business and referrals which are major contributors to profitability.

Chuck Dennis is the "Angry Customer Expert" and principal of Knowledge Associates in Cambridge, Mass. His practice centers around the assessment, strategy, training, implementation and coaching of a customer-focused business philosophy. For more information: cedennis@knowledge.com

To read the AMAVHRI study, *Magnifying Customer Focus*, visit www.amanet.org/research

What Makes or Breaks a Corporate Reputation



Corporate reputation appears to be experiencing a crisis of its own. A recent global survey conducted by Burson-Marsteller, a leading global public relations and public affairs firm, revealed that 81% of "influentials"—CEOs, senior executives, financial analysts/investors, business media and government officials—see a greater threat to corporate reputation today than there was two years ago. They also estimate that it takes 3.2 years to recover from a crisis.

According to the study, the biggest "red flags" for a failing corporate reputation are, in order:

- Low employee morale
- Greater focus on internal politics than doing the job well
- Top executive departure
- Displacement of CEO credibility with CEO celebrity
- Customers seen as "nuisances" by employees

The majority of respondents believe qualities like "credibility," "ability to attract and retain quality management/employees" and "good communication" are the main drivers of good corporate reputation. Market share, financials and being an "industry leader," on the other hand, are the least important drivers of corporate reputation.

Over 600 influentials were surveyed. Burson-Marsteller, conducts research every two years to identify crisis management strategies that companies should use to protect, manage and build their reputations.

According to the market research, the top ten crisis management turnaround strategies are:

- Quickly disclose details of the scandal/misstep (69%)
- Make progress/recovery visible (59%)
- Analyze what went wrong (58%)
- Improve governance structure (38%)
- Make CEO and leadership accessible to the media (34%)
- Fire employees involved in the problem (32%)
- Commit to high corporate citizenship standards (23%)
- Carefully review ethics policies (19%)
- Hire an outside auditor for internal audits (18%)
- Issue an apology from the CEO (18%)

Don't forget to check out the many other articles in your Member Website: www.amanet.org

Enron Has Made Companies More Ethical

A study by ISR, a global HR research and consulting firm, shows that U.S. employee awareness of corporate integrity, social responsibility and corporate ethics issues have all increased since 2001.

"After the SEC began investigating Enron's accounting scandal in 2001, ISR documented an increased interest in better understanding the role ethics plays in a company's culture, from identifying potential land mines to determining how to make improvements before a crisis occurs," said ISR Executive Director Adam Zuckerman.

Among ISR's findings, the national business ethics study found that employee opinions on company integrity increased a dramatic 11% from 2001 to 2005. This trend is not isolated either. ISR data show that US employee awareness of corporate integrity, social responsibility and corporate ethics issues have all increased since 2001.

Other study findings include a 7% increase since 2001 in positive employee opinions across the U.S. to the statement, "My company is socially responsible."

Nationally, employee perceptions of internal corporate values increased from

78% in 2001 to 82% in 2005. Likewise, perception of management's consistency with stated internal values has increased from a 60% positive response in 2001 to 65% in 2005.

"Overall, these figures show there is reason to be optimistic about the improving state of ethics in corporate America," said Zuckerman. "Knowing where to focus your efforts is half the battle, and companies are clearly paying more attention to ethics."

AMA's One-Day Sarbanes-Oxley Workshop offers insights into the Act. Visit www.amanet.org

Prescription for Resistance to Change

To overcome resistance to change, you need to understand what prompts your employees to resist the change.

There are three major reasons for opposition to change:

Scarcity of Information

Fear of the unknown lies at the heart of much of the resistance.

Strategies for change are often created by an isolated group, usually senior management, and employees have no way to gauge the impact the change will have on their positions (an immediate source of concern) or even how management expects them to implement the strategy.

Lack of Input

Employees rarely embrace change when they are not involved in its planning.

Job Insecurity

Change often challenges employees to adopt new skills and abandon old habits, and sometimes directly endangers their jobs.

Responsibilities may be increased, decreased or shifted. More people may be needed or fewer people may be sufficient.

Action Plan

Here is an action plan you should consider to reduce resistance and



increase the likelihood of successful implementation.

Provide advance notice. If you know about a change in advance, notify your employees so they will have an opportunity to “get used to the idea.”

Communicate the why. This addresses the first source of resistance—scarcity of information. Your employees will now understand why a change has to be made.

Any stumbling blocks or potential disadvantages should be addressed. This procedure effectively diffuses feelings of being “out of control.”

Role model your own commitment to the change. Your behavior will demonstrate to staff whether or not you see real benefits in the change being proposed.

If employees see you are supportive of the plan; they are more likely to be supportive as well. Be careful when you do this, however. You may be perceived

as putting down the current procedure, method or approach, and there may be employees who may see this as a criticism of their current performance.

Listen to what your employees say. People need to feel that they can air their concerns and raise their questions without fear of retribution. Open discussions of the change can also reveal valid frustration that, if addressed, may reduce resistance.

Get people involved. Give employees who might resent lack of input into the change the opportunity to have input into the implementation.

When people feel involved in the process of change, they are more likely to be emotionally invested in it and will work toward making it a success.

Communicate

Put an end to pernicious rumors about the change by making yourself available to people with questions about the change.

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Handling change demands strong leadership and management skills. Check out AMA's leadership and management seminars to prepare yourself for the next change effort.

Overcoming Resistance to Change

Never assume that people will be as excited about a new idea as you are. People usually see obstacles before benefits. As a leader, you need to nurture acceptance as quickly and as painlessly as possible. Here are some useful ideas:

- Demonstrate your own commitment in meaningful ways. For example, show that you are investing resources in the new concept.

- Evaluate how committed people are. If there is resistance, find out why. Hold a meeting. Ask for reasons without personalizing, attacking or being defensive.

- When aware of the reasons, remove

the problem. If the problem is misperception, show things as they really are, giving examples or illustrations. If the concern is a lack of skills, offer training.

- Offer support and encouragement during the transition.

Indicate your willingness to accept some level of imperfection and mistakes throughout the transition period. This will reduce people's fears of failure.

- Give as much information as possible. Focus on information that will be relevant to your people.

- Involve people in identifying ways to demonstrate their commitment. The

greater their involvement, the greater their commitment.

- Negotiate goals that can be used to evaluate people's commitment. These should be specific, measurable and realistic. Set up a staff meeting to evaluate progress.

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For further insights in overcoming resistance to change, check out the AMA/HRI study on strategic agility and resilience at www.amanet.org/research



Here's what you'll find on the
AMA Members-only Website www.amamember.org

SELF-ASSESSMENTS

Test Your CQ—"Courtesy Quotient." A little common courtesy can go a long way in the workplace, helping you gain the respect and support of your colleagues, direct reports and upper management. This 20-question self-assessment will help you determine how your "CQ" measures up.

MANAGEMENT

The Cobbler's Child in the Workforce: Improving Productivity While Enhancing Individual Careers. When it comes to career development, whose job is it, anyway? While each of us has responsibility for managing our own career, it's also in management's best interest to cultivate happy employees.

HR/TRAINING

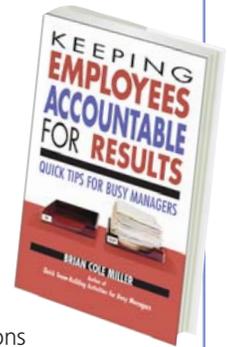
2006 U.S. Compensation Outlook: Salary Increases Will Remain Modest—Despite a Strong Economy. Think because the economy is on the upswing you'll finally get that big pay increase? Don't count on it, according to the latest compensation planning survey.

SALES & MARKETING

Customers to CEOs: "Can you hear us NOW?" All too often, customers are finding it's more and more difficult to get acceptable levels of service from the companies they do business with—regardless of how much they spend, how long they've been a customer or how profitable they are. Attention, CEO's: this is your wake-up call.

Book of the Month:

Keeping Employees Accountable for Results: Quick Tips for Busy Managers by Brian Cole Miller. Using a clear six-principle approach, Miller provides checklists, how-tos and plenty of real-life examples to help managers communicate employee expectations and measure results.



For more information about this book and AMACOM's extensive catalog of business titles, visit www.amanet.org/books

AMA Conferences/Special Events Calendar

SEPTEMBER 28-29, SAN FRANCISCO, CA • Corporate Branding 2006 Conference. Network with market leaders from top global and growth brands. To register, call 1-800-262-9699.

OCTOBER 4, CHICAGO, IL • Growth Strategies for the Middle Market. Learn alternative financial capital and deployment of resource strategies and intellectual asset management. To register, call 1-800-262-9699.

OCTOBER 26-27, LAS VEGAS, NV • Sales Leadership 2006. This is the place to get the latest information on trends, opportunities and cutting-edge developments to ensure maximum results for your sales organization. Interact and hear success stories from corporate leaders from The Trane Company, Citizen

Systems America, FedEx, M3 Learning and more at this exciting two-day event. This conference is a must for all corporate executives concerned with aligning, developing and maintaining a successful sales organization.

NOVEMBER 13, NEW YORK, NY • Growth Strategies for the Middle Market. Sustaining long-term growth for emerging companies can be a difficult and painful experience. Meaningful, long-term growth is the product of effective management and planning. This one-day workshop addresses the challenges for the \$10-150 million in revenue businesses in developing and maintaining growth strategies that will help identify those skills that are needed to know how and when to grow. Bring your team and enjoy team pricing.

DECEMBER 7, ATLANTA, GA • Growth Strategies for the Middle Market. Here's your last opportunity in 2006 to learn from Andrew Sherman and other leading thinkers strategies to help you grow your mid-size business. Learn not only how to start growing your organization but how to sustain such growth with effective management and planning.

STOP BY OUR BOOTH: Visit AMA at the Corporate Branding 2006 Conference, September 27-29, San Francisco; IPMA-HR Federal Conference 2006, October 7-11, Las Vegas; Administrative Professionals Conference, October 15, Orlando, Florida; Association of Financial Professionals, October 15-18, Las Vegas; and Project Management Institute 2006, October 21-24, Seattle, Washington.

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