

Customer Service in the 21st Industry

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Abstract

I have been inspired and encouraged for more than 45 years by influential people and companies that provided exceptional customer service. These real life experiences as well as literature have stimulated my passion for superior customer service. The purpose of this selection is to inspire others in addition to provide a blue print for amazing customer service. Because my background is in the brokerage, banking, insurance, and health care industry, I shared wisdom from these experiences. I wish that you enjoy the selection and benefit from the knowledge.

During the past 20 years, I have worked in the brokerage, banking, and insurance industry servicing client accounts. I greatly enjoy getting to know clients and providing customized solutions for them based on their goals and challenges within the timeframe that they assign to me. I uncovered my desire to service individuals at a young age from my grandmother. When you spoke with my grandmother, she gave you her undivided attention because she genuinely cared for everyone. She earned almost everyone's trust. In the second grade, I wanted to earn people's trust and loyalty like grandmother. Therefore, my love and passion for servicing others developed realizing this would provide self-gratification. In this selection, we will review characteristics of trusted professionals and cover benefits of using individuals and entities that wish to earn trust.

Some characteristics required for trusted professional relationships: cooperative engagement, listening, responding, knowledgeable and emotional bank accounts. Psychologists and teachers are members in the service industry who rely on cooperative relationships. Wueste, 'The customer isn't always right: Limitation of customer service approaches to education or why Higher Ed is not Burger King', elaborated on the roles and duties of a psychologist and other professionals. I would like to compare the responsibilities of psychologists and teachers in the context of cooperative relationships. Webster defines cooperative as the willingness and ability to work together. Cooperative relationships are based on combined efforts to reach the goal. Psychologists' help patients paint a picture of a more holistic and sound person, whereas teacher assist students in seeing themselves as a productive members of society. Psychologist and patient relationships are cooperative engagement relationships like teacher and student. The successes of their efforts are based on cooperative relationships. Cooperative relationships are founded on trust and mutual respect for each other. A patient must believe that the psychologist is knowledgeable and cares about them. The psychologist makes treatment plans with the assumption that patients will act on the recommendations. Their successes are influenced by their joint understanding and respect for each other.

Our job, as educators, is to facilitate the learning experience as psychologists facilitate the self-discovery process. Psychologists must develop confident relationships with patients, as teachers must obtain reliable relationships with students because they rely on mutual respect of each other. The teacher and student must be actively engaged in the learning process that requires trust and cooperation. You may be the best teacher in the world; however, if students do not believe that you care as well as being knowledgeable of the content, the learning experience was hindered by the lack of trust of one or both parties. When I have the student's trust, they recognize that I am providing lectures, seminars, and other modalities to facilitate the learning experience that allows them to secure a career upon graduation. I have a lecture that I share with first year finance students. If I earn the students' trust, this lecture is a huge success. However, if I have not gained the students trust and loyalty, the lecture is less successful.

Everett C. Hughes stated that professionals should be trusted. Hughes shared that clients must trust their professional. These authors reminded me of a book called 'From Good to Great'. The author, Jim Collins, centered on loyal and trusted customer service relationships.

He suggested that we strive to mimic individual and organizational good habits for developing loyal and trusting relationships. I remember a story about A & P Grocery Stores and Kroger Grocery Stores in the book. Kroger Grocery Stores are in business today because they implemented best practices that were centered on nurturing loyal and trusted customers. When we listen to customers, we develop trusting relationships¹. Kroger listened to customers. If a brokerage client shares that, they are interested in retirement planning and I ignore the client to discuss college planning, this is an example of not listening to our clients. If we go to the doctor with chest pain but the doctor treats us for an injured foot, this is another example of not listening to our customer. Kroger Company listened and acted on their customer feedback.

Seek first to understand, then to be understood². A & P Grocery Stores and Kroger Grocery Stores listened to their customers but A & P Grocery Stores did not react to their customer's needs and wants. The second step to building trusting relationships is responding to customers³. We must act on our new found knowledge shared by our customers. We have examples of companies going out of business because they failed to respond promptly to customer needs like A & P Grocery Store. On the other hand, we have examples of companies that developed loyal and trusted customers like Kroger Grocery Store, Southwest Airline, and JP Morgan Chase who are thriving companies because they responded to customer needs. In my community, we have many Kroger Grocery Stores. I speak on Kroger Grocery Stores as a customer and researcher.

First, when customers required more convenience, Kroger combined meat markets and vegetable stores under the same roof with can goods, toiletries, and others. This was a monumental strategic decision for grocery stores. Years later, customers continually demanded greater convenience⁴. As a result, Kroger Grocery Store built Kroger Supercenters that sold outdoor furniture and other items as well as groceries. Both changes are in the Kroger business model as a reflection of customer needs and wants changing regularly. Then, customers asked for additional conveniences. Kroger Supercenter Stores responded with gas stations. Today, you can purchase meat, vegetables, can goods, household items, and gas for your vehicle at Kroger Supercenter Store. As a customer, I commend the Kroger Company for listening and responding to customer needs for many years. When we respond to customers, we increase customer trust and loyalty.

In addition to recognizing the uniqueness of cooperative relationships, listening to customers, and responding to customers, we must be well informed in our respected area of expertise. I earned a bachelor of accounting, which is the foundation to finance⁵. Afterwards, I completed a MBA in Finance as well as finished many graduate level finance classes at Morgan Stanley and Merrill Lynch because I wanted to be knowledgeable in my profession. I studied and passed more than ten board exams such as the Series 4, Series 7, and Life Insurance Agent Exam. In addition, I was mentored by the best minds in finance at Morgan Stanley, Merrill Lynch, Bank of America, and JP Morgan Chase for more than 15 years. I attended many conferences and lectures to continually learn and be one of the best in my profession⁶. On top of that, I read one to three books monthly per the advice of a mentor. We must be informed and apply our expertise to helping others in order to build trusting and loyal relationships.

Some literature states that healthy relationships have strong emotional bank accounts⁷. Another characteristic to building trusting relationships is creating strong emotional bank account. When we have large emotional bank accounts, we are better prepared to manage unfortunate situations.

¹ Lawfer, Manzie R., (2005). Why Customers Come Back: How to Create Lasting Customer Loyalty, (page 61). Random House, Inc.

² Convey, Stephen. The 7 Habits of Highly Effective People. Free Press. 1989.

³ Doney, Patricia M. and Cannon, Joseph P. (1997). An examination of the Nature of Trust in Buyer-Seller Relationships. Journal of Marketing, Vol. 61 (2), pp. 35 – 51.

⁴ Webster, Frederick E. Jr. (1992). The Changing Role of Marketing in the Corporation. Journal of Marketing, Vol. 56 (4), pp. 1 – 17.

⁵ Bownman, Robert G. (June 1979). The Theoretical Relationship Between Systematic Risk and Financial (Accounting) Variables. Journal of Finance, Vol. 34, pp. 617 – 630.

⁶ Gorchels, Linda, Aurand, Timothy W., Gordon, Geoffrey L. (1996). The Development and Marketing of Business Seminars by Universities: Participant Format Preferences. Journal of Marketing for Higher Education, Vol. 7 (3), pp. 49 – 64.

⁷ Paris, N. (2006). The Mark of Leadership: The metaphor of Emotional Bank Accounts. Middle Ground, 10 (1), pp. 30 – 31.

When we have positive experiences, we add to our emotional bank account with clients and customers⁸. At the same time, negative experiences subtract from emotional bank account. We desire to have more positive experiences than negative experiences⁹. It is similar to our personal budget and savings account. We wish to earn more income (positive) than we spend (negative). If we do so, we will gradually grow the balance in our savings account like increasing the balance in our emotional bank account that allows us to deal better during adverse circumstances.

If I have \$1 Million in my savings account and my automobile transmission breaks, it is less of a strain on my finances to repair the transmission than if I had \$0.50 in my savings account. The same applies to emotional bank accounts for trusting and loyal relationships. If we have several good experiences because we are listening and responding to clients, it helps us tolerate unique and unfavorable conditions. We must listen and respond to clients regularly because it builds a strong emotional bank account that builds loyal customers. If we have a short temporary setback, it is easier to overcome when we have a strong emotional bank account¹⁰.

Benefits come with earning customer loyalty like customer referrals, higher client retention, and increased sales. Heckett stated that when clients trust us, they develop a loyalty to us. I remember sitting in my office as a financial advisor. The phone rang and I answered the phone. A total stranger was on the other line of the phone. He shared that my current client was very happy with my ability to manage their investments. More importantly, he stated that my client communicated that I was someone who could be trusted with anything. Before the man and I completed our phone call, he scheduled an appointment to become a new client. Moments after hanging up, I received my second phone call from a different stranger who was referred by the same client. I remember laughing and smiling with joy as I received the third phone call, in the same day, from a stranger who was referred by my same client. The key here is that I had earned my clients trust. The new clients began to trust me within a time frame. Then, my new clients became loyal clients. Lastly, they sent me referrals. When we build customer loyalty, clients will send us referrals¹¹.

As a financial advisor, in our office, I learned first-hand the importance of listening and responding to clients. The financial advisors who heeded and responded to clients had a higher client retention rate than financial advisors who did not listen and reciprocate to client needs. More financial advisors were fired due to poor customer service (not listening and responding to clients) than poor portfolio performance. This is true because a trusting financial advisor and client relationship better tolerate temporary setbacks than an untrusting relationship with great portfolio performance. When we listen and respond to clients, we have a higher client retention rate¹².

I remember experiencing my first recession, as a financial advisor. A financial advisor who had been in the business more than 25 years before me was smiling and laughing with clients during the recession. We will call this person Financial Advisor A. I was confused and intrigued by his joy because this was a very bad recession. At the other extreme, I witnessed another financial advisor that was miserable and equally had been in business more than 25 years. We will name this person Financial Advisor F. Financial Advisor F had angry and combative conversations with clients. He would reschedule some client meetings multiple times to avoid clients. Financial Advisor A reminded me of grandma. I interviewed Financial Advisor A who recommended that I interview additional financial advisors who were surprisingly happy during the recession. They all shared that I would become one of them in 10 – 20 years because I was knowledgeable and cared about my clients.

⁸ Edwardson, Michael (1998). *Measuring Consumer Emotions in Service Encounters: An Exploratory Analysis*. *Australasian Journal of Market Research*, Vol. 6 (2), pp. 34 – 48.

⁹ Tugade, Michele M., Fredrickson, Barbara L. (February 2004). *Resilient Individuals Use Positive Emotions to Bounce Back From Negative Emotional Experiences*. *Journal of Personality and Social Psychology*, Vol. 86 (2), pp. 320 – 333.

¹⁰ Hennig-Thurau, Thorsten, Gwinner, Kevin P., Gremler, Dwayne D. (February 2002). *Understanding Relationship Marketing Outcomes: An Integration of Relational Benefits and Relationship Quality*. *Journal of Service Research*, Vol. 4 (3), pp. 230 – 247.

¹¹ Kritzer, Herbert M. (October 1998). *Contingent-Fee Lawyers and Their Clients: Settlement Expectations, Settlement Realities, and Issues of Control in the Lawyer-Client Relationship*. *Journal of the American Bar Foundation*, Vol. 23, (4), pp. 795 – 821.

¹² Gounaris, Spiros P. (February 2005). *Trust and Commitment Influences on Customer Retention: Insights from Business-to-Business Services*. *Journal of Business Research*, Vol. 58 (2), pp. 126 – 140.

As a result, I would have happy clients like them and a high client retention rate because I listened and responded to clients. They highlighted that I cared about my clients. I am pleased to share that my clients and I did laugh and smile during following recessions that occurred during the next 20 years. I thank Financial Advisor A and others who coached, mentored, and helped me. Because I acted on their recommendations, I have a high client retention rate.

In “Putting the Service-Profit Chain to Work”, Heckett referred to a pizza eatery earning \$8,000 more from one loyal customer. Heckett shared that a Cadillac owner earned an additional \$332,000 from one loyal customer. Heckett provided several additional examples of companies doing well because of trusting relationships like Intuit Company who earned an extra \$30 Million because of two trusted employees. Would you like to find two trusted employees that increased company sells by \$30 million? The sells increased because customers trusted two employees who deliver on their promises. Richard and Sasser stated that if we increase our loyal customer base by 5%, loyal customers might increase profits 25% to 85%. When we have trusted and loyal clients, our sells increase within a time frame¹³.

When people prepare their estate, they evaluate who should receive their wealth upon death. For some individuals, they prefer to leave wealth to family, friends, and institutions. I know of one person who donated money to alma mater. He established a scholarship fund that financed six students to attend college free each school year. Lastly, upon his death, he left additional wealth to his college because he stated that the university listened and responded to students that resulted in exceptional educational experience for him and his fellow colleagues. In total, he gave more than \$30 Million to his alma mater. He became a loyal client as a student and his loyalty continued during his adult life. At the other extreme, I know of a person who desired to give a donation to a college as well as set up a scholarship. Unfortunately, he had a terrible college experience at the university where he earned a bachelor degree. He believed that the college did not value him or other students. He donated wealth to a college he never attended because he was not a loyal customer to his alma mater and donated his wealth to another university. Good customer service resulted in one alma mater receiving unexpected wealth whereas the other alma mater received nothing¹⁴.

We discussed entities and individuals like Kroger, financial advisors, Cadillac, Intuit, and alma maters doing well because of trusted and loyal relationships. We have other examples of companies doing well because of trusted and loyal employees that lead to loyal customers like Southwest Airline and JP Morgan Chase. We have been discussing banking, brokerage, and insurance services throughout this selection; we will elaborate on JP Morgan Chase’s responses to ever-changing customer needs and wants. JP Morgan Chase has regularly attempted to meet customer’s new and increasing demands. When customers requested 24-hour access to their bank accounts, JP Morgan Chase responded to customer needs by working aggressively to provide ATMs around the country at record rates. The ATMs permitted clients to access accounts all day.

I remember witnessing JP Morgan Chase installing more ATMs than their competitors. I was afraid of their aggressive posture to many ATMs. As I look back, ATMs were implementing Phase I of granting customers 24 hour access to banking information. Years later, JP Morgan Chase launched Phase II that included online banking. With online banking, clients had 24-hour access to their accounts in the convenience of their homes versus driving to a local ATM. Today, we are experiencing Phase III that involves banking with our smart phone. When we access our bank account with a smart phone, we have greater convenience and access to our bank account than ATMs and online banking. In summary, JP Morgan Chase explored innovative strategies to satisfy customer unmet needs for 24 hour access to their bank accounts.

In summary, the characteristics of a trusting relationship are cooperative relationships, listening, responding, knowledge, and emotional bank account. When you satisfy these characteristics like Kroger, JP Morgan Chase, Intuit and many other organizations, your company will benefit from trusting relationship that results in increased referrals, retention, and sells. As grandma said, “we must care about people” and customers are people.

¹³Darius, James H., Schooman, F. David, Mayer, Roger C., Tan, Hwee Hoon (May 2000). The Trusted General Manager and Business Unit Performance: Empirical Evidence of a Competitive Advantage. *Strategic Management Journal*, Vol. 21 (5), pp. 563 – 576.

¹⁴ Wiepking, Pamela (2009). Resources That Make You Generous: Effects of Social and Human Resources on Charitable Giving. *Oxford Journal*, Vol. 87 (4), pp. 1973 – 1995.

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