You Want Service With That?

By Bud Holladay

Lunchtime. You wheel into the drive-through, fork over $5 for a fast lunch and a surly kid who'd rather be anywhere else wordlessly drops your change into your outstretched palm, sticks a bag in your face and slams the window shut. Have a nice day. You don't even bother checking the bag; you know the order won't be right. But getting it corrected takes too much time and causes too much aggravation. You drive away vowing never to return. Tomorrow you try your luck at the place across the street. There, the line of waiting customers is long and restless. Employees mill about behind the counter, joking and laughing, completely oblivious to the people waiting for their food. All conversation, all eye contact, is with each other. The customers are an interruption. Sure enough, they get your order wrong here, too. Instead of an apology and a quick turnaround, you get The Treatment. The young man at the cash register - apparently the missing twin of the one across the street - glares at you, snatches the tray from your hands and retreats to the kitchen, all the while mumbling something about your parentage, his wage rate, management in general and people who expect things to be perfect. Have a nice day. Eventually you're handed a new tray containing most of what you ordered and you slink silently to the nearest empty table, vowing never to return.

Fast-food emporiums don't have an exclusive on incivility and poor service. How many department store clerks have ignored your armload of purchases and simply pointed wordlessly when you asked directions to the next department? How about the doctor's office that always calls to remind you of your appointment, but when you show up leaves you cooling your jets in the reception area for what seems like hours with no explanation or apology. Rental store delivery crews routinely forget hoses, cables, remote controls; many haven't a clue how to assemble the bedroom set for which some customer just plunked down $100. Have a nice day.

Faulty Expectations

We've become so used to bad service nowadays that we nearly expect it. When a store clerk or service worker demonstrates simple courtesy, we think that's good service. It's really no more than common civility, the kind you should be able to expect from any human being. Service is more than simple courtesy. It could be defined as a process rather than an act. Companies that have service figured out - Neiman-Marcus and Disney, to name a couple - seem able to anticipate what customers will want and how they'll want it, and they are ruthless in eradicating anything that might get in the way of that. The policies and procedures of those companies are built around the requirement to deliver exemplary service, instead of vice versa.

If you've ever visited a Disney property you know what a difference that makes. Imagine the same kid at the burger joint smiling, opening the bag and checking the order in front of you and returning your change in a little envelope so you don't have to juggle coins, bills and your lunch bag while gripping a steering wheel. Imagine him finishing this off with a big smile and a "Thank You" that sounds real, not pre-recorded. Imagine that he fully understands the value of customers as they relate to his income and well being. Imagine.

It Takes a Village to Make a Great Service

Interestingly enough, Rally's Hamburgers started out with exactly that kind of service. Trouble is, their service guy was better than their other guys; Rally's never could get enough stores open in any one market to justify the level of advertising needed to build a national or even a regional presence. The moral to the story is that service alone won't get you there if your business plan is inherently flawed. But if all the other pieces are in place and service really means lip service, you're history the day somebody opens up down the street with the total package. That outfit quickly becomes the "big guy" and your organization is suddenly struggling to keep up. (Ever notice how nobody ever worries about the competition until it gets too big to do anything about? That's the second moral.)

The people at Disney provide great service because legions of people within the organization are hired specifically for that purpose. They hold degrees from good schools and have the same clout and status as those in charge of operations or marketing or finance. In most service industries - including rental-purchase - the trainer is usually the district manager who couldn't or the boss's nephew who could. While everybody talks about service and quality, most rewards are based on hitting quotas or meeting certain percentages. How do you measure the number of customers who didn't come back because we didn't live up to our own advertising? How do you quantify the number of referral accounts we don't get?

In a medium- to low-wage environment everything has to function flawlessly for quality to come through. Otherwise, people are so bogged down in the process that they lose sight of the objective. In case anybody doesn't know by now, the objective is to provide total customer satisfaction, even in the face of adversity, time constraints or personal inconvenience. That kind of mandate can be hard to satisfy.

Paying Homage to the Home Office

The truth is that most multi-unit retail and service operations employ low-wage workers because that's the only way they can keep their product affordable (the armed forces being no exception). Only a fool would argue that there's no benefit in hiring better, smarter, faster workers. But such benefits don't produce immediate sales increases, don't reduce overhead and they always require hard analysis. Home office wants results today. More hands turning more burgers or renting more product = more cash in the till. Managers quickly learn what satisfies the boss. In emergency-room vernacular, multi-unit managers are hired to stop the bleeding or to start the heart pumping. We don't hire them to manage a long process of conditioning and strengthening. Few of them can produce instant results in sales and collections while simultaneously directing a systematic plan for long-range improvement based on selective hiring, specialized training, regular monitoring and directed rewards. By the time they get to the monitoring part, it's time to hire another new body. When those responsible for delivering great service are the newest or the lowest paid people in the organization - and their supervisors lack the kind of training that lets them control outcomes instead of procedures - not much good can be expected to happen.

Placing Value Where Value's Due

It's easy to say that raising wages improves customer service, but it probably doesn't unless management changes a lot of other things first. One of those is the average length of service of front line workers. Management has to find ways to let new account managers and customer service reps stick around long enough to get good. That means increasing the outlay on recruiting and training while reducing spending on other, less essential items. Exactly what those items might be differs from company to company.

Look hard and you will find that the difference between the biggest and all the rest in our business - and in most others - is more than just finance or marketing; it goes to how much value each company places on the people who handle their customers. One fact is inescapable: In our business, the biggest companies have the best training. But almost none started there. Nobody opens their first store or even their 10th with a developed training department staffed by experts in that field. No, the giant operators simply bought their way in. Almost without exception, every mega-operator in the business started out paying store managers and account managers more than the other guy paid. Tom Devlin, founder of Rent-A-Center, once told an APRO audience that the real advantage his company enjoyed over the rest of us wasn't lower product cost or cheaper advertising. It was people.

When we were paying managers $30,000 a year, Rent-A-Center was paying $38,000 or more. Consequently, Tom Devlin got the best managers and the competition got the rest. While everybody else replaced managers and struggled with sales and collections, Rent-A-Center was opening store after store. It isn't unusual to meet a former RAC store manager who became a millionaire helping Tom Devlin or Ernie Talley grow that company.

The Cost of Lost Customers

Beyond wages, keeping new employees around requires that we also see other things differently. For example, if price and product are competitive and thus not an issue, why do up to 20 percent of customers return their goods within the first five months? That number suggests that only 80 percent of rental-purchase customers have sufficient motivation to take whatever measures are required to keep their account open. To be fair, there are a certain number of customers who just can't keep up the payments, no matter how satisfied. It's the rest that have to be accounted for. Some companies spend up to $25 in advertising to get one new customer. How much does anybody spend learning what happened to last year's customers? Last month's?

Taking the Higher Road

Delivering high-quality service should be everybody's aim and usually it is. But when the process fails, it becomes nobody's child. Part of the problem with multi-unit operations of any kind is the cookie-cutter process required to manage a lot of them across great distances. Everything has to be reduced to a simple process that can be easily followed by people with no specialized skills and only minimal training. When executed, that process produces the desired results more often than not. Costs are contained within acceptable limits and the cash is accounted for. Upper management, usually sitting miles away and far from the end user, invariably confuses efficient function with the delivery of quality service. Thus, any unit that makes the numbers gets a pass on anything else. To be sure, management up and down the line gets agitated when sales decline. When the chart starts heading the wrong direction, the advertising gets a new message, stores get new paint and new signs and a few prices get changed. Sure enough, sales inch upward again and everybody's satisfied until the next go-round. The next go-round comes when the new customers eventually tire of spending their money where nobody cares and they move on, too. (Sometimes management realizes these cycles are occurring with greater frequency and they decide to spend a little money figuring out why. Invariably, this leads to a lot of breast beating and wailing but not much change because nobody can afford the improvements after paying for the consultants.)

If there's anything to learn from all this, it is that wherever you see a sign reading, "Our Policy Is 100% Customer Satisfaction," you can bet that it probably isn't. They only put the sign up to make you feel better while some employee busts your chops in the process of enforcing policy. Companies that routinely deliver great service don't have to hang signs telling you what's coming. They trust you'll know it when you see it.

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