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Service Strategy: The Most Powerful Tool You Can Have

BY JOHN TSCHOHL

The reason most organizations deliver poor or mediocre customer service is that they don't understand the power of a customer service strategy. What do I mean by this?

Strategy is a powerful tool you can use to gain market share and market dominance. When you develop a customer service strategy, you will crush your competition and grow the value of your business by 100 to 400 percent. It's a powerful and cost-effective tool, but it requires commitment and relentless support from top management. Only a handful of companies deliver great service or understand the real financial impact it has on a company. If you want to drive your business to great heights, you must have a service strategy.

A business strategy should focus on this question: What can we do to dominate the market and have rapid growth? My answer to that question is this: You develop a strategy that emphasizes customer service above all else. When you provide service that is so extraordinary that you earn cus-

tomers' loyalty for life, you will own the market.

There is another benefit of implementing a customer service strategy: Your competitors won't copy you. If your strategy focuses on price — maybe reducing the price of your most popular product by 50 percent — your competitors will copy you within a day or two. But, if your strategy focuses on providing exceptional customer service, they won't copy you because they haven't got the tools ready to do so.

A service strategy must start with a commitment from the CEO and then travel through middle management and down to every frontline employee. I can't emphasize this enough. And it's crucial that management understands the importance of those frontline employees because they are in direct contact with your custom-

ers and are the faces of your business. You must empower them to make decisions that are in the best interest of your customers — and you support their decisions.

A service strategy is also the least expensive tool you can use to grow your business. Advertising, on the other hand, is expensive and will only get customers through your doors the first time. It's a one-shot deal that won't guarantee that they will return. Extraordinary customer service, however, is so powerful that it will keep your customers returning to you time and time again.

I constantly use Amazon as an example of how providing superior customer service can drive a company to great heights. Amazon, which operates worldwide, spends hardly anything on advertising because it doesn't need to do so. From its begin-



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ning, the company made customer service a focus and has never wavered from its commitment to it. That focus includes everything from speedy deliveries to free returns to the ability to contact its customer service staff members and get immediate help.

Amazon describes itself as “earth’s most customer-centric company,” and I agree with that assessment. The proof is in the numbers. Amazon had sales of \$574.8 billion in 2023, an increase of 12 percent or \$60.8 billion over 2022. Simply put, Amazon is amazing.

Costco is another company that is realizing great profits by focusing not only on price but on customer service. During the fiscal year ending September 3, 2023, it had net sales of \$237.7 billion and had a membership renewal rate of 90 percent, which resulted in \$4.6 billion in membership

fees. The company operates in 871 locations, has 316,000 employees and focuses on a combination of price, quality, and customer service.

In order to drive a customer service strategy, you must value your customers — and your employees. Invest in your employees by training them to provide the best customer service possible and supporting their efforts to do so. When you train them, you are saying, “I value you.” This is criti-

cal, because how you treat your employees is exactly how your employees will treat your customers.

Exceptional customer service is the most powerful — and least expensive — tool you have. Use it, and you will see your business grow to great heights.

MANA welcomes your comments on this article. Write to us at mana@manaonline.org.



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