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### Good Values Makes Good Business Sense

by John Tschohl, Founder and President, Service Quality Institute, Minneapolis, MN - August 03, 2015

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Core values are not descriptions of the work we do or the strategies we employ to accomplish our mission. The values underlie our work, how we interact with each other, and which strategies we employ to fulfill our mission. The core values are the basic elements of how we go about our work. They are the practices we use (or should be using) every day in everything we do.

How do the big companies stack up on core values? **Their number one 'secret weapon' is also their number one core value....a service strategy.**

**Amazon...."Customer Obsession"** - Imagine owning Amazon.com (up over a crazy 4,000% since 2001)

**Apple... "Insanely Great Customer Service"** - Apple (up over a mindboggling 6,000% since 2004.

**Costco..."Take care of our customers"** – has averaged an annual gain topping 18% for 30 years. (That's enough to turn a single \$1,000 investment into more than \$140,000!)

**Starbucks.... "Creating a culture of warmth and belonging, where everyone is welcome."** For the full-year fiscal 2014, Starbucks grew consolidated revenues to a record \$16.4 billion, an 11 percent increase over 2013.

**Virgin Group..."Better Service at a lower cost and with a sense of style and fun.** Richard Branson may be the richest high school drop-out in history. Another amazingly successful dyslexic.

Most businesses do not understand that *customer service* is really selling because it inspires customers to return more often and to buy more. Patronage by loyal customers who buy again and again because they like the *service* yields 65 percent of a typical organization's volume, according to a study by the American Management Association.

**Studies prove that service actually is more effective** in many companies at enhancing volume and profit than marketing, promotion, or advertising. I suspect that in companies with comprehensive, highly professional *service* strategies, *service* adds more to their bottom-line results than research and development, product innovation, capital improvements, broad selection, credit services, or any other strategy.

If companies recognize and grasp opportunities as they present themselves they will learn how to deliver value, differentiation, and improvement. *"I'm an ideas guy. I love big ideas. I get a vision for something and I'm obsessed with making it a reality. I've been obsessed with Customer Service for the past 44 years. It's what good business practices is all about"*.

It's this obsession with core values and a Service Strategy that the successful companies are committed to. They are obsessed with providing excellent customer service and products. Take Costco for instance. They have been listed as one of the 17 best supermarkets in America. With the normal customer making on average of 83 trips to the supermarket each year, this no-frills warehouse chain took top marks for price satisfaction and store-prepared food.

**Service means different things to different people.** At the lowest level service is something a customer is not entitled to, but you give to him as a gift. At a somewhat higher level, service

means focusing on customer transactions but only fixing something if it is broken. At the highest level, the aim of service is to deliver more than the customer expects. Good service no longer gets you into the game. Only consistent, exceptional service will create loyal customers and keep you in the game.

**Naturally, the highest level of customer service is what I obsess about.** It's what Apple, Amazon, Costco, Virgin, Starbuck and many others have as their first core value. One of my heroes in business is Jeff Bezos. He lives and breathes a service strategy/core value for his company. He took the "Earth's biggest bookstore" to "Earth's biggest anything store". Through each expansion of his company he continually emphasized his six core Values: *customer obsession*, ownership, bias for action, frugality, high hiring bar and innovation. *Fortune* magazine named Bezos its 2012 "Businessperson of the Year."

When a company makes the momentous discovery that customers are really "people" and when they give customer service at least as much power and influence over decisions as they give financial considerations, then they are well on the road to achieving a competitive advantage and even market dominance. That means money.

***"I believe the most effective and profitable business strategy today is a service strategy".***

*John Tschohl is an international service strategist and speaker. He is founder and president of the Service Quality Institute in Minneapolis, Minnesota. Described by Time and Entrepreneur magazines as a customer service guru, he has written several books on customer service. He just released the 10<sup>th</sup> Edition of *Achieving Excellence Through Customer Service*. The Service Quality Institute (<http://www.customer-service.com>) has developed more than 26 customer service training programs that have been distributed and presented throughout the world. John's monthly strategic newsletter is available online at no charge. He can also be reached on Facebook, LinkedIn and Twitter.*

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