

HOW TO INCREASE THE VALUE OF YOUR COMPANY BY 25 PERCENT

If you focus on your competition, you will constantly be playing catch-up. While you and your competitors are busy fighting over fractions of a market-share point, someone else will come in and completely change the game.

In May of 2003, I experimented with nine service leaders. I invested \$1,000 in each of the below service leaders. I wanted to prove that service leaders continue to grow because they focus on the service strategy. Following is proof that a service culture will increase the value of a firm by over 25%.

The current value on my initial investment of \$1,000 in each of these companies is as follows:

- **Amazon: \$21,000.** Amazon has a set of practices that helps them manage customer experiences in a proactive and disciplined way. They allow their employees to assist in creating new and innovative approaches that have a profound impact on the customer experience.

(Note: Jeff Bezos at Amazon is now the 4th richest person in the world with a net worth of \$59.2 billion. Most CEOs just don't understand the power of delivering great service, or maybe it's too much work. Sales last year at Amazon increased over 20% to \$107 billion. They are rated number one in the world for customer service.)

- **Home Depot: \$6,030.** The Home Depot is passionate about the customer experience. They are the world's largest home improvement retailer. They feel their single greatest asset is their more than 385,000 associates. They remain committed to helping customers by providing an excellent customer experience.
- **Costco: \$5,400.** Costco explicitly targets customers with more money and with locations in more upscale shopping areas. Costco is committed to low costs and high wages.
- **TD Bank: \$3,218.** Formerly Commerce Bank. They were the leader when Vernon Hill was CEO before selling.
- **Southwest Airlines: \$2,883.** Under Herb Kelleher, the company's cofounder, there was a relentless emphasis on internal customer service that showed in their interaction with their customers.
- **General Electric: \$1,665.** Jeff Immelt is no Jack Welch. His focus is on his personal compensation. The more he gets paid the worse they do.
- **Walmart: \$1,552.** Sam Walton built Walmart on Customer service and price. They are now known for price only. While

revenue has increased over 400% the value of their company as a service leader has dropped dramatically. When Lee Scott took over in 2000 as CEO they lost their focus on customer service.

- **JetBlue: \$1,425.** When they had passengers stuck on a plane for 13 hours they lost their value and brand.
- **Dell: \$465.** Dell lost their brand when Kevin Rollins took over as CEO and eliminated the customer experience.

The new battleground is all about experiences. Some companies do customer experiences better than the majority. I believe most executives do not understand the service strategy. They do not realize how money falls from the sky. It takes a lot of effort. It takes a relentless commitment from top management. It means you're creating a service culture. The results are huge increases in revenue!

In today's fiercely competitive world, companies spend millions on the land, building the store, and stocking it full of product, all for one thing—the customer. But, when the customer actually appears, they fall down on the job. All that time, thought, and money is wasted if the customer walks out, never to return.

There is a direct connection between customer service, or lack thereof, and money made or lost. Do not lose money because you did not invest in developing superior customer service skills for your entire workforce and building a customer driven organization. You cannot just sit around and hope the next big thing will work magic. Not today, and especially if you have not been building a culture of customer service.

Customer service is the only strategy you can implement anywhere in the world and your competition will not copy you. I'm not sure why CEOs don't follow some of the top companies in the world. Maybe it's just too much work, or the strategies are a bit too soft for them to deal with.

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John Tschohl—described by Time and Entrepreneur magazines as a customer service guru and service strategist—is founder and president of the Service Quality Institute, which has developed more than 26 customer service training programs. John has authored several books on customer service, including Moving Up, and has just released the 10th edition of Achieving Excellence Through Customer Service. John@servicequality.com or www.customer-service.com.

