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ATTRIBUTES OF INNOVATION

Ten rules for creating
values-based
customer service

By A. Gregory Stone

Evelyn's Gown Emporium had been the dream of Evelyn Woodard for well over two decades. She grew up dressing her dolls in formal gowns, and modeled her own elegant gowns for her playmates as a youngster. She enjoyed seeing others beam with beauty from wearing gorgeously expensive gowns. The sale of her most expensive $7,295 gown on the opening day of her business came as no surprise. "I was on cloud nine!" she explained. She was meant for this retail venture. Life couldn't get any better.

But it could get worse! Ten days later, the customer returned with the expensive gown and wanted her money back. As Evelyn took it out of the box, it was evident it had been intentionally misused and damaged. It was no longer salable; not even salvageable! Before Evelyn could get the first sentence of protest out of her mouth, the customer simply pointed to her sign sitting on the counter: "If for any reason you are not 100% satisfied with your purchase, return it anytime within 90 days for a full refund—No questions asked!"

"I locked the shop door, went to the back to the storeroom, and cried for three hours over my stupid customer service policy," Evelyn lamented. Every small business owner talks about providing good customer service. Few, however, consider the cost of customer service until they experience it directly as Evelyn did.

So, how does the customer service function sour for so many small businesses, prompting their customers to seek another seller? It's a values-

based core issue that finds its roots in the Judeo-Christian principles of service leadership.

Rule #1:
People do business with people.

The products and services sold and delivered are really the ideas and thoughts of individuals—an extension of their personalities. To dispel the more common notion, people do not do business with businesses.

Customer service often ends up being pseudo customer service. It is something companies have in place because they know they need to have it, but it's poorly designed, implemented through misdirected managers, and gets delivered by poor-quality employees. Why do entrepreneurs have so much trouble with the concept of customer service?

Rule #2:
Customers don't leave companies, but they do leave the people who represent the company.

That is often the owner in the case of a small enterprise. The owner is the business leader, and in every case in which customers are involved, there is a service component of that leadership. It is required, needs to be genuine, and must originate from the heart, not the mind. Otherwise, customer service can be insensitive, even incompetent, if the employees are unable to manage the expectations of the customer.

Everett Rogers' diffusion theory provides a framework for customer service planning. His diffusion and adoption theory is used to explain the rate of adoption for innovations. While most often used to historically examine the rate of adoption for an innovation, the model can be effectively used to strategically plan for diffusion (distribution or sale) of a product or service through a small business with the adoption (purchase decision) by customers.

Converting customer service talk into a win-win actionable policy does not need to be costly. It does, however, take planning on the front end of business operations to ensure no surprises along the way that will compromise the best of intentions. Failure to plan, however, will put the fortitude of even the most-crusty entrepreneurial personality to the test.

Customer service is all about the identifiable, but sometimes intangible, activities undertaken by a business in conjunction with the basic goods and services it sells. It is customer service activities that support the delivery of products or services. More accurately put, it is the process by which a business provides support service to customers before, during, and after a purchase.

We hear customers complain of businesses where the employees are arrogant, condescending, and aggressive—yes, aggressive! Customers complain of businesses where employees shout, get angry, are abrupt and rude, or snap their fingers at people.

Is customer service about personalities? Not really.

Rule #3:
Customer service is about implementing a true value system and code of conduct.

If you step back and look objectively, core values form the basis of any company, and define the culture of a business. Core values come from the owner. If you despise dealing with people, that will be communicated in your behavior, and those of your employees. More importantly, values are very strategic, and represent standards around which service components can be planned.

Attributes of Innovation

Customer service is the manner in which

a business meets its customer's needs via its various different methods before, during, and after the sale of a product or service. It can be delivered via the telephone or the Internet, or in person in the case of retail or entertainment.

Rogers outlines five attributes of innovation that help determine how quickly they are adopted. These same attributes are directly related to products, and how quickly they are purchased. These attributes of an innovation—relative advantage, compatibility, complexity, trialability, and observability—directly affect its rate of adoption.

In other words, the rate of acceptance is proportionate to the degree to which each attribute is present in the innovation or product. If customer service is considered the innovation, then these five attributes should not only explain its adoptability rate (acceptance by

customers), but could be proactively used to plan and predict customer service outcomes.

In other words, these five attributes of a product or service can impact the rate of adoption (acceptance) by customers. That means customer service processes can be strategically planned around these attributes.

Relative Advantage

Rogers defined relative advantage as how much better an innovation is than the idea that came before it. A customer service process or policy can supersede that which came before it. It can be designed to be more attractive than a competitor's, thereby differentiating itself from every other business. Evelyn's shop listed the criteria for the return of a product. That was a relative advantage over a competitor business whose customer service return policy had more bureaucratic steps involved. Rogers listed several criteria that people can use to determine whether the relative advantage of a customer service policy can be improved:

• Economic profitability: Does the customer service policy or process increase the company's financial benefits, or decrease its costs?

10 Rules for Values-Based Customer Service

Rule 1: People do business with people.
Rule 2: Customers don't leave companies, but they do leave the people who represent the company.
Rule 3: Customer service is about implementing a true value system(s), and code of conduct.
Rule 4: Customers who know their "investment" in a product or service in protected by a customer service policy are more likely to make additional purchases from that company.
Rule 5: Use relative advantage to carve a customer service policy that truly differentiates your business form your competitors.
Rule 6: Customer Service positioning, and presenting how it is both like and unlike other more familiar policies are proactive compatibility strategies.
Rule 7: When felt needs are met, products and services generally are adopted at a faster rate.
Rule 8: The less complex a customer service Policy is, the greater the acceptance by customers.
Rule 9: Use a customer complaint as an opportunity for personalized customer service.
Rule 10: Create a customer service policy that incorporates values to differentiate how you do business from the way everyone else does it.

Rule #4:
Customers who know their "investment" in a product or service in protected by a customer service policy are more likely to make additional purchases from that company.

Even a defective product or return provides an opportunity for additional person-to-person customer contact to solve a problem. These are the things from which return customers are generated.

• Low initial cost: Does my customer service cost the customer anything up front, or is it less costly to purchase? Customer service is not a commodity, but more of an arena where value can be added into those "intangible" areas such as "feeling good," or "happy outcomes." For example, Evelyn's return policy did not cost her customers anything, but certainly provided "peace of mind" (an intangible) should she encounter a problem.

• Decrease in discomfort: A customer service policy should make life easier for the business owner, and for the customer. The owner should sleep soundly at night knowing that his or her customers have the support they need for the products and services they purchase. Customers should never have to think twice about whether or not to call your company about a product or service issue or problem. Yet, people every day will share a negative product experience that they won't contact the business about because of the belief it will be a waste of time.

• Social prestige: Will people think better of your business and your employees because of your customer service policy? Most of us can already name one or two businesses with whom we associate high quality customer service. Nordstrom's is one such store, with their customer raving with stories about the personalized ways in which they were treated. This is an easy list to put your business's name onto in the mind of the customer.

• Savings in time and effort: A customer service policy should be easier and quicker to use for both the business and the customer? Evelyn's shop would deliver the dress to the customer's home after alternations were finished. Time and money are commodities

people never have enough of, so look for ways your customer service policy can save them a bit of both.

• Immediacy of the reward: Does the customer service benefit my customers now, or do they have to wait for the benefit to come about some time (and a lot of bureaucracy) later? Ask anyone who has been here, and you will hear how easily the horror stories roll off their tongues. Take action first, then ask questions later—if at all.

Rule #5:
Use relative advantage to carve a customer service policy that truly differentiates your business form your competitors.

Compatibility

Compatibility is defined by Rogers as the degree to which an innovation is consistent with a person's or group's values, experiences, or needs. Remember the "values-based customer service" premise mentioned at the beginning of this article? It's the thread that should run through everything you do in your business.

If your customer purchased an evening gown for several thousand dollars, then there are some intrinsic expectations as to what the quality and level of customer service should be. If your business comes up short on meeting this expectation, then your customers will decide not to make a subsequent purchase. Rogers identifies three areas in which compatibility can be cultivated:

Compatibility with values or beliefs

A customer service policy that conflict with deeply held values or beliefs are adopted much more slowly. The business owner's values and beliefs have to be in sync with the performance and behavior of the company, as well as those of the customers. The most basic of customer service policies has to be based in the "do unto others" premise. It's the easiest measure to determine if you have a standard that differentiates you you're your competitors.

For example, labeling your company as Christian owned or managed creates a spectrum of preconceptions as to anticipated levels of service in a customer's mind who has similar values. The business values and performance will have to be based on those standards. An owner who does not reinforce the preconceived values and beliefs with supportive behaviors will create incompatibility, and begin losing that customer demographic.

Certainly a technological development or innovation "transplanting" from one culture into a very different culture can also result in value conflicts. Champions of some technological innovations have been guilty of the "empty vessel fallacy" according to Rogers. They assume that they are introducing the product to a group with no preexisting beliefs or values. Ignorance of indigenous value systems can quickly undermine the most promising product.

The introduction of the personal computer in the beginning years was a failure as technology based people were introducing it into a non-technical population. The result was a very slow-diffusing products in the beginning.

Compatibility with previously introduced ideas

Old ideas are the main mental tools that people use to evaluate new ideas. People tackle new products and services on the basis of their familiar with them, which often leads to problems.

• Sometimes the product seems more similar than it really is and is utilized according to the previous ideas. Columbian farmers, for example, applied new chemical fertilizer products to the tops of their potato plants (as they had done with manure), thereby damaging the plants.

• Sometimes the product is so different that adopters simply do not understand how to utilize it. The Punjabi farmers covered their new tractors with blankets to keep them warm as they had previously done their steers. They never thought to replace the oil or air filters, however, which caused the tractors to break down.

The similarity of an innovation to older ideas does not necessarily mean that it will be adopted more quickly. While this may be the case for many technological innovations, the opposite appears to be true in the area of art. The more radical a piece of art may be, the more quickly it is sometimes disseminated into the population. Evelyn's customer service policy was not radical in the traditional sense of the word, but it was from the perspective of being a very broad sweeping policy.

Rule #6:
Customer Service positioning, and presenting how it is both like and unlike other more familiar policies are proactive compatibility strategies.

Compatibility with needs

There are two aspects of needs compatibility according to Rogers:

• Sometimes it is necessary for the business to offer a customer service

policy that matches a population's felt needs. While this is not easy, there are several methods for determining just what the members of a population feel that they need. The strategy then is to match that need to an customer service policy.

• Sometimes it is necessary for a business to customers aware of a need. Members of a customer population are not always cognizant of a need. A business can increase awareness by introducing a customer service policy and its benefits.

Rule #7:
When felt needs are met, products and services generally are adopted at a faster rate.

A bad customer service experience with can make people skeptical about all of them. Rogers refers to this phenomenon as "innovation negativism." He uses the example of the disastrous experience that India had with the IUD birth control device in the 1960s. Indians developed a product negativism toward birth control that they have yet to overcome to this day.

Complexity

Complexity is the degree to which an innovation is difficult to understand or use.

Rule #8:
The less complex a customer service policy is, the greater the acceptance by customers.

Evelyn's customer service return policy was about as easy to use as a policy can be—even to the point of what appeared to be financial detriment to her. Simplicity, however, is a standard that

makes sense to customers.

During the late 1970s when home computers first became available, they were used primarily by people who played with technological gadgets as a hobby. Many were engineers or others who had extensive experience with mainframe or mini computers. For these early adopters, home computers were not complex.

When less technically proficient users began to buy home computers in the early 1980s, studies found that their level of frustration during the initial period was extremely high. The computer hardware, software, and jargon were simply too complex for most people to understand. So, the rate of adoption of computers was quite slow. The rate of adoption soared, however, as computers became easier to use and understand.

Some companies try to overcome quality customer service with process. Process is not bad, but if the customer service process dominates, and the 'customer' part of the equation is ignored, your customers will walk directly to your competitors.

Trialability

Trialability is the degree to which an innovation can be experimented with on a limited basis.

Trialability is particularly important for early adopters and innovators according to Rogers. Trialability gives customers a way to understand the customer service through actual contact with employees. New customers can rely on the experiences and knowledge of the earlier customers. It can also be associated with "word-of-mouth advertising." It is in the perceived quality of the customer service experience that customers will communicate either positively or negatively to others. Consequently, trialability is of less importance to late adopting customers. It is significant to those who are assertively looking to purchase of a specific product or service as this word-of-mouth communication can be a significant influence.

Observability

Observability is the degree to which the results of an innovation are visible to others. In our context, customer service

needs to have clearly visible outcomes. That results in customers adopting at a faster rate.

For instance, new fire fighting gear can have the obvious benefit of getting a fire fighter out of a dangerous situation alive. The same fire fighter may not be as likely to wear a condom to protect himself from HIV infection because the benefit (getting out of a dangerous situation alive) may not be so obvious.

People Do Business with People

Customer service doesn't mean trying to be perfect. It does mean using a complaint regarding a defective product or service as an opportunity to deliver personalized service. While there is merit to the opportunity argument, how many great opportunities are there for improved customer service? Probably more than most think about.

Most businesses are the same—same kind of people, and the same kind of products and services. Differentiation, for the most part, just does not exist. Even with "sameness" across businesses, customers usually only consider going elsewhere, if they are unhappy with a negative experience, and see no prospects of improvement! At a customer level, if you find your values do not allow you to shop in such an environment, you leave. If your values match, customers often stay committed to shop there forever. At the business level, the equation is disastrous: Bad Service + Bad Culture = Bad Company. Eventually everyone leaves! If there are no customers, there is no business

Rule #9:
Use a customer complaint as an opportunity for personalized customer service.

Rule #10:

Create a customer service policy that incorporates values to differentiate how you do business from the way everyone else does it.

By the way, Evelyn's customer service policy was not a failure. While it was a major financial setback at that time in her star-up when every penny counted, sticking to her values and treating others the way she would want to be treated—event under stressful circumstances—paid off. Adherence to the policy she set for herself and her company created a major financial setback at that time in her start-up when every penny counted, sticking to her values and treating others the way she would want to be treated—event under stressful circumstances—paid off. Adherence to the policy she set for herself and her company created a values-based corporate culture. Over the next three years, that same customer returned—again and again to purchase well over a dozen gowns, with a retail value of well over $90,000.

Evelyn will never know whether the customer was testing her policy, testing her values, or testing the store's values. It really doesn't matter, because they were all one in the same—but they were tested to the limit.

Holding firm to her values during the troubled times created customer loyalty beyond anything Evelyn could have anticipated. "I think back about how close I came to telling that lady off," Evelyn reflected. "It would have been justified, warranted, and the 'me centered' thing to do—and I would have been totally wrongto do it. Sticking to my values helped me swim against the stream of what all my competitors do every day. And today I have the customers to prove it!"

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