Develop a Customer-First Attitude

What Will You Do?

3.1 The Importance of the Customer  Gain an understanding of what a customer is and how to recognize what customers need and want.

3.2 Understanding Advertising and Public Relations  Study the importance of corporate identity, logos, and brand names and how to use these identities to appeal to customer needs, attitudes, and lifestyles.

3.3 Interacting with Customers  Learn how to use attitude and language to cultivate customer loyalty and respect.

3.4 Managing Customer Complaints  Become familiar with the principles of help desks, call centers, and tech support networks and how they are used to help customers.

3.5 Interacting with Internal Customers and Suppliers  Understand how the people with whom you work in your company are your customers and suppliers.

Why Do You Need to Know This?

Your company’s most important person isn’t the president, the CEO, or the chairman of the board. It’s the customer. Your company exists to satisfy customers, and ultimately, everything you do is aimed at that all-important objective.

Satisfying your company’s customers involves a lot more than just handing them a product or providing a service. You need to recognize who can use what you offer. You need to help them remember that you and your company are there to help them. When there’s a problem with your company’s product or service, you need to resolve the problem and retain the customer’s goodwill. This chapter will teach you how to take care of your company’s most important person.
Chapter Objectives

After completing this chapter, you will be able to:

• Recognize potential customers and how you can help them.
• Use your company’s reputation as a sales tool.
• Approach customers, satisfy their needs, and solve their problems.
• Deal constructively with customer complaints.
• Manage employees involved in customer service.

The Customer-First Attitude

Customers aren’t just the people eating in restaurants and shopping in stores. They are plumbers who need gaskets, corporate managers who need auditors, and radio stations that need advertisers. Pick three companies at random from the Yellow Pages of a telephone book. Imagine who their customers are by thinking about these questions:

• What kinds of people does each company have as customers?
• How would each company introduce its products to potential customers?
• How would employees in the human resources, information technology, or maintenance departments serve their companies’ customers even though they don’t work with them directly?

Activity

Would you like to have a good professional clean your home, top to bottom, tomorrow? Of course you would . . . but you probably won’t. List three or four reasons why hiring a cleaning service would not be appropriate for you at this time. Perhaps you live in a small apartment or are on a tight budget. Then, for each reason, write a line of dialogue that a cleaning service sales representative might use to get you to change your mind.
The Importance of the Customer

When you think of selling, do you envision doors slammed in your face, people getting annoyed as you try to persuade them to buy what they don’t want, or angry customers storming back with products that didn’t work right? Well, relax. Your relationship with customers will be nothing like that. With the right attitude on your part, the customers you serve will see you as someone who is dedicated to helping them and making their lives better. By helping them, you can make them glad to do business with you.

**Know Thy Customer.** Everyone in business has the same job: to satisfy customers. To do that, you need to understand your customers—who they are, what they need, and what they expect when they buy a product or pay for a service. The customer comes first, and the best way to put the customer first is to know the customer.

### The Customer Comes First

Satisfying the customer is the ultimate purpose of any company. It makes sense, then, that the customer has top priority. Serving the needs of the customer is more important than closing the store on time; more important than your own personal convenience; more important than answering the phone, stocking the shelf, or punching the clock. *The customer comes first.*

### Needs and Wants

All customers have one thing in common: They are human beings, and all human beings are **customers**—people who need or want products and services. **Needs** include food, shelter, warmth, and security. However, people also want and seek status, comfort, convenience, entertainment, information, beauty, and education.

Not everyone needs what a company provides. However, many more people might need it or want it if they knew about it and realized how it could make their lives better. By understanding your customers, you can get an idea of their needs. Once you know their needs, you can work to satisfy them.

### Needs Are Not Simple

Customer needs can be complicated. Consider this situation: Harry Doe walks into a fast-food restaurant. He wants a cheeseburger, a soda, some French fries, and a little extra ketchup. That’s all he orders, but what does he expect?

- He expects food that is safe to eat.
- He expects the cook to know how to prepare the food.
- He expects decent treatment from the person at the counter.
- He expects service in a reasonable amount of time.
• He expects a clean table.
• He expects a clean restroom.
• He expects a proper response if he complains about a cold cheeseburger.
• He expects the same quality of food and service he got the last time he ate there.
• He expects the same quality of food and service that was advertised on TV.

The lesson here? Your company is never just selling an isolated product or service: It is providing customers with support and commitment.

**Support and Commitment**

**Support** refers to your company’s efforts to ensure that the customer is satisfied with the product even long after it’s purchased. At the restaurant, support includes the clean restroom, the extra ketchup, and the manager who will listen to and resolve complaints. At the computer manufacturer, support includes the technical support desk that customers can call, the supply of spare parts, and the line of peripherals and accessories.

**Commitment** is your company’s seriousness about delivering what it promises—and more. It’s the training of the cook, the 100-percent beef in the cheeseburger, and the effort to serve the French fries hot. It’s the latest technology in the computer chips, the promise to fix a broken product even after the warranty expires, and the extra effort to pack the product well before shipment. Customers don’t necessarily think about support and commitment when they buy a product, but when support and commitment are missing, customers soon notice.

**Products and Services**

Some companies provide products, from food to electricity to computer chips. Some companies offer services, from preparing French fries to delivering electricity to installing software. Many companies offer combinations of products and services, such as car dealers that offer cars and car maintenance, electronics companies that offer radar systems and training, and retail stores that offer furniture and interior design.

Sometimes it’s hard to tell product from service. Harry Doe paid for not just a cheeseburger but also for the service of preparing it. He also paid for the training of the cook, the cleaning of the restroom, and the certainty that he was eating safe food.

**What Does Your Company Really Sell?**

Sometimes companies have a deeper insight into what they offer the customer. A manufacturer of hammocks, for example, might see that it is really offering comfort and relaxation. A lawn care service might see itself as offering homeowners free time. By understanding what your company is really offering its customers, you can more effectively communicate with them and satisfy their needs.

**Customer Demographics**

**Demographics** are the characteristics of a group of people—their ages, incomes, average incomes for each age bracket, average number of cars per household, and so on. Companies study demographics to identify who in the general public might have a need for their products. People who live in apartments, for example, have little need for lawn mowers but may need laundry detergent in small boxes. If your
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Myth: Selling is mostly about products or services.
Fact: Selling is mostly about knowing the customer’s needs.

company sells lawn mowers, it will want to identify people who own houses in suburban areas.

Even though you may not be analyzing demographics in your job, you should always remember that certain types of people need certain types of products and services. As you talk with customers, arrange product displays, plan seasonal sales, coordinate marketing efforts, and so on, you should be thinking of the demographics of your potential customers. Matching customers with products will help you think about the different needs of customers with different life circumstances.

Study the demographics of three American consumers. Which is the best potential customer for each product?

Potential Customers
- Harry Fentwirth: male, 28, married, two children (5 and 8), household income $28,000, lives in rural Georgia, owns three-bedroom house, two cars.
- Phyllis O’Shay: female, 67, widowed, lives alone, household income $23,000, lives in Miami, rents studio apartment in senior housing complex, no car.
- Carmen Degas: female, 42, married, no children, household income $122,000, lives in Philadelphia, owns a condominium, one car.

Products
- Lawn seed spreader
- Matching luggage
- Laptop computer
- DVD player
- Fishing tackle
- Internet service
- Gas furnace
- Inexpensive sneakers
- Window flower boxes
- Pet products
Trends Are New Opportunities

Society and business are always changing. Consumers develop needs for new products and preferences for new styles. Businesses look for new technologies that give them a competitive edge. Change often comes in the form of trends. New trends create opportunity. If a new trend seems to appear suddenly, it’s only because you didn’t see it coming. In reality, trends start small but quietly snowball as people catch on. To serve your customers better, watch for trends. See them as opportunities.

Retail Trends If you’re in retail, you’ll want to know what styles and products are becoming more popular. You can find out by doing several things:

- Monitor sales to detect changes in customer preferences.
- Watch movies and television programs to see what products actors are using.
- Pay attention to advertisements to look for new products and see how styles are changing.

Industry Trends If your customers are other companies, be attuned to what’s happening in the industry you sell to:

- Study trade magazines (publications that are produced for particular kinds of businesses rather than for consumers) to look for industry news and new products.

Thinking Critically Each potential customer has different demographics. Which products might be important to all three customers? Why?

Study the demographics of three American consumers. Which is the best potential customer for each product?
• Attend trade shows (events where companies in a given industry present their products in booths) and notice what’s changing in products and services.
• Talk with your colleagues and customers to know what’s happening in new products and technology.

QUICK RECAP 3.1

THE IMPORTANCE OF THE CUSTOMER

• When interacting with customers, your main goals are to learn the customer’s needs and to satisfy them.
• Customers need more than the products they buy. They need the company’s commitment and support.
• By knowing a customer’s demographics, you can have an idea of what the customer needs or doesn’t need.
• Trends create new opportunities to satisfy customers.

CHECK YOURSELF

1. What do we mean by a customer’s “needs”?
2. What does a customer need besides a company’s product?

Check your answers online at www.mhhe.com/pace.

BUSINESS VOCABULARY

customer a person who needs or wants products and services
need in the business sense, everything from outright necessity to realistic desire
support a company’s efforts to ensure that the customer is satisfied with the product long after it’s purchased
commitment a company’s seriousness about delivering what it promises—and more
demographics the characteristics of a group of people—their ages, incomes, average incomes for each age bracket, average number of cars per household, and so ontrade magazine a publication produced for a particular kind of business rather than for consumers
trade shows events where companies in a given industry present their products
Understanding Advertising and Public Relations

Your company probably puts a lot of effort into presenting its products to potential customers. Advertising and public relations make people aware of a product. Your company may send catalogs to potential customers to get them to buy its products. Stores may hold special promotions for your products. The purpose of these and other marketing efforts is to present your company’s products in the best possible light.

Help Your Products Help Your Customer. Your customers need to know about your company’s products. They need to know what those products are, what’s so good about them, and how they can help make lives better. If you work in marketing, your job is to know your products, know who needs them, and know how to introduce them to each other.

The Process of Presenting the Product

As a professional in your company, you may well be involved in the process of presenting products to customers. You may interact with them face-to-face in a sales or assistance situation. You may work behind the scenes in advertising or public relations. Wherever you are in the process, you need to understand how companies present their products and services to the public.

Sell the Image

When customers consider buying a product, they consider not only the features of the product but also the image that comes with it, the idea that the public associates with the product. Many people who buy SUVs, for example, don’t necessarily need off-road capability. They want the image of the adventurous person who would need an SUV. They need the image more than they need four-wheel drive.

You, as a representative of your company, are part of that image. If customers perceive you as friendly, knowledgeable, helpful, and professional, they will have a better image of your company. If you present yourself well, customers will be all the more eager to consider your products.

Your Company’s Brands

When customers choose among several products, they tend to look for brands they admire and trust. A brand is a unique name given to a company’s product. The brand name is usually a trademark—a word or phrase that is registered with the government so that no one else can use it. Brand names come with reputations and images. Sometimes customers want the brand name as much as the product itself. Think of clothing you’ve seen with the brand name boldly displayed. Sometimes that brand is represented by nothing more than its logo, a symbol that represents the brand or its company. McDonald’s golden arches, the Macintosh apple, and the Nike swoop are three famous logos.

Reading and Study Tips

Compare and Contrast

To compare means to find similarities. To contrast means to find differences. Compare and contrast the role of advertising departments with the role of public relations departments.

image the idea that the public associates with a product

brand a unique name given to a company’s product

trademark a word or phrase that is registered with the government so that no one else can use it

logo a symbol that represents a brand or its company
Marketing

Marketing is all the business activities that present the product, its brand, its image, and its reputation to the customer. Marketing puts the product on the shelf, the car in the showroom, the order form in the magazine, and the “click here to order” button on the Web site.

Much of marketing is purely psychological: putting the product in an attractive package, increasing the brand awareness and logo recognition, and helping the public to associate the brand with a certain image. This is accomplished by putting the image of the product in front of the customer.

Whatever your position in a company, from sales rep to vice president, it’s important that you be aware of the company’s marketing efforts. You want to know the products, the images, the brands, the logos, the recent sales and promotions, and so on. You want to know what the customer is looking for and what they have seen and heard about it.

Advertising and Public Relations

Companies cannot depend on word of mouth to inform the public about products. Therefore, they use advertising and public relations to communicate with the public. See Figure 3.1 for some of the advantages and disadvantages of using advertising and public relations in marketing.

Advertising is a commercial message that appears in a space or time slot that has been paid for by the advertiser. Advertising appears in media, which can be defined as all the means of communication that can present an advertisement to the public. Among advertising media are print media, such as magazines and newspapers, and broadcast media, such as television and radio. Other media include billboards, signs on the roofs of taxis and the sides of buses, posters in the windows of stores, Web sites, e-mail, and direct mail, which sends advertising directly to possible customers at homes and businesses.

Public relations, or P.R., is a marketing activity that puts company and brand names in view of the public without actually buying space or time slots. This is accomplished by feeding information to reporters, sponsoring special events, and placing products and brand names in prominent locations. For example, a drug company may give a magazine editor information about a product that can help prevent a certain disease that can be treated with the company’s product. By sponsoring an event such as a concert or marathon, a company hopes to have its name mentioned in the press.

<table>
<thead>
<tr>
<th>Figure 3.1 Advertising vs. Public Relations</th>
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<td><strong>Advantages</strong></td>
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<td>Advertising</td>
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<tr>
<td>Company can carefully craft the message.</td>
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<tr>
<td>Company can place the message in specific places and time slots in the media.</td>
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<tr>
<td>Lacks credibility due to obvious company bias.</td>
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<td>It’s expensive to repeat the message in a full advertising campaign.</td>
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Thinking Critically Advertising and public relations are alike and different. Why do companies use both advertising and public relations in marketing?
You, Marketing, and the Customer

If your company’s advertising and public relations efforts are successful, customers will want to buy your products. Customers will

- Recognize your brand names.
- Assume that brands they recognize are of superior quality.
- Associate brand names with images.
- Know about sales and promotions.
- Be more willing to learn more about the product.
- Go along with a trend that marketing has inspired.

It is important for you to pay attention to your company’s marketing efforts so that you

- Know your company’s brand names.
- Know what products your customers are looking for.
- Know the images your customers associate with those products.
- Help the customer appreciate the products.
- Know about sales and promotions.
- Are able to foresee trends.

You Are Your Company

You are an important part of your company’s public relations effort. If you deal directly with customers, they will associate you with your company. If they see a well-dressed, well-groomed, polite, friendly, helpful, knowledgeable employee, they may unconsciously assume that your company is professional and honest and is selling a good product. If you provide services only to others in your company, or...
internal customers, remember that your efficiency and professionalism contribute to the image of the company. By keeping your internal customers satisfied, you help make the company and its products look good.

QUICK RECAP 3.2

UNDERSTANDING ADVERTISING AND PUBLIC RELATIONS

• Know your company’s marketing efforts and your product’s image so you know what the customer is looking for in your products.
• Advertising and public relations will prepare customers to consider your products.
• Let your company’s marketing efforts back you up when you present products to customers.
• To the customer, you are your company. Your professionalism makes your company look good.

CHECK YOURSELF

1. What are the differences between advertising and public relations?
2. How does a company’s marketing effort help you help your customers?

BUSINESS VOCABULARY

image the idea that the public associates with a product
brand a unique name given to a company’s product
trademark a word or phrase that is registered with the government so that no one else can use it.
logo a symbol that represents a brand or its company
marketing all the business activities that present a product, its brand, its image, and its reputation to the customer
advertising a commercial message that appears in a space or time slot that has been paid for by the advertiser
media all the means of communication that can present an advertisement to the public, such as magazines, newspapers, television, radio, and billboards
public relations a marketing effort that tries to put a company and brand name in view of the public without actually buying space or time slots
Interacting with Customers

When you have a good customer-first attitude, you try to view your products from the customer's point of view. When you present a product to a customer, you emphasize the ways the product will satisfy the customer's needs. If you're helping a plumber buy plumbing supplies, for example, you will probably want to emphasize the product's reputation for durability rather than its attractive design. If you're selling bathroom fixtures to an interior decorator, you will want to emphasize attractive design rather than price.

The Customer's Perspective. As you interact with customers, you will help them by figuring out their needs, telling them how your product will satisfy those needs, and demonstrating how you and your company are the best providers of that product.

How to Interact with Customers

When you interact with customers, you should

- Represent your company.
- Try to understand the customer's needs.
- Help the customer see how your company can satisfy those needs.
- Give your customer every reason to return for more business.

1. **Represent your company.** Your friendliness and helpfulness mean that your company is friendly and helpful. Your professional appearance means that your company produces a good product. Your informative presentation means that your company wants to help its customers.

2. **Understand the customer's need.** The best way to find out what your customer needs is to ask. The best questions are open-ended questions that cannot be answered with a simple yes or no. “Can I help you?” is likely to bring a response of “No, thanks. Just looking.” But “How can I help you?” calls for a more useful answer, like: “I need a party dress for a little girl.” You then can go on to ask more questions to find out exactly what the customer needs (see Figure 3.2).

3. **Help the customer see how you can satisfy his or her needs.** When you present your product to the customer, focus on how it can satisfy the needs that your questions have uncovered. If the customer has expressed a need for, say, a lightweight, quiet chainsaw, you can suggest an electric model, emphasizing its weight and quietness rather than its power or warranty.

4. **See objections as needs.** Objections are a customer’s reasons for not wanting a given product. You should view objections as additional needs. If the customer says, “It’s too expensive,” the customer needs a lower price, a less expensive model, or easier payment terms. If the customer says, “It’s too slow,” offer a faster model, or explain why slower is better.

Reading and Study Tips

**Main Ideas**
The main idea of a paragraph is often stated in the topic sentence, which is usually the first sentence. Take notes by listing the main idea of each paragraph.

“*The job can’t be finished—only improved to please the customer.*”

—W. Edwards Deming
5. Thank the customer. Let the customer know you appreciate the business. Even if the customer does not buy anything, thank him or her for “stopping in.”

6. Give the customer a reason to come back. Your friendly, helpful attitude will encourage customers to come back again—so will a hint at other services or products you can provide. Remember: Your relationship with the customer does not end when the product is sold. If the customer experiences a problem with the product, do everything you can to resolve the issue. Even if the customer doesn’t buy your product, give him or her reason to consider your product in the future.

The Customer-First Attitude

Interacting with customers is easier if you have the right attitude. The sales interaction cycle in Figure 3.2 takes you step by step through the process. You aren’t there to sell customers something; you’re there to help them buy. All you have to do is match up their needs with your products.

Business-to-Business Customers

Jake and Laura interact with retail customers. At some point in your career, you will probably have to interact with business customers—that is, a company rather than an individual. This is called business-to-business (or B2B) customer interaction.
A Different Kind of Customer

The business customer is a bit different from the retail customer. The business customer isn’t buying what he or she wants, but rather what his or her company wants. This means

- The buying decision will be based on real needs, rather than psychological desires.
- The objective of the decision maker isn’t to own the product, but rather to succeed in business.
- The decision maker will have to justify the decision to the person to whom he or she reports.
- You may not be able to talk with the actual decision maker.

As you deal with these differences, the most important rule of customer interaction still applies: The customer comes first.

The Same Principles

The principles of business-to-business customer interaction are essentially the same as those of the retail situation, but a little more intense:

1. Be professional. Your dress and grooming have to meet professional rather than general fashion standards.
2. Understand what the customer needs. Business customers tend to be very specific in their needs and are usually very open about explaining them. One need is often left unsaid: the need for a product to perform well so the buyer’s business runs smoothly. Large projects—the leasing of a fleet of trucks, the installation of an office telephone system, the development of specialized software—may demand an equally large effort by a team of your colleagues. The team will need to plan the research effort, and you will need to play your part on the team.

Thinking Critically Here are the main pitfalls of handling customer complaints and problems by phone. Can you think of any different problems? How would you handle them?
3. **Help the customer see how you can satisfy needs.** The business customer will probably be less influenced by advertising and more demanding of comprehensive technical information. You’ll probably need to put things in writing, and those words may be legally binding. Be logical, organized, complete, and accurate in what you promise. If you can’t talk to the decision maker, be sure the person you talk to can present your information well.

4. **See objections as needs.** Try to foresee objections and counter them before they’re made.

5. **Give the customer reason to come back.** Thank the customer. Deliver more than you promised. Follow up. Foresee future needs. Make sure your company backs its promises and its products.

**Cultivating Customer Loyalty and Respect**

Your customers want good products, and you want good customers. Good customers feel a certain loyalty to the companies that have served them well in the past. Sometimes that loyalty is directed at the person who has helped them.

Customer loyalty is founded on

- Good service from the people who represent the company.
- Good service from the products the customer bought.
- Good customer service experiences after the sale.

**Nurture Loyalty**

Loyal customers come back for more. They tend to want your product even before you tell them about it. They also tend to tell other people about your product and your company, and maybe even about you. So developing loyalty in a customer is as important as all the marketing your company does to attract new customers.

Do what you can to nurture loyalty in your customers.

- Thank them for their business.
- If possible, contact them to see if they have been served well by you and your product.
- Make every effort to handle complaints and solve any problems that come up.
- Follow up to make sure the solutions worked.
- Keep customers advised of new products and opportunities.

**Let’s Do Lunch**

A good business customer is worth a good business lunch. As you learned in Chapter 2, a meal is a good opportunity to get to know a customer better and learn how your company can help his or her company. It also may be a good time to talk a bit about a new product or opportunity. Of course, a meal shared is a good way to build customer loyalty. Just make sure you pick up the tab!

**No Sale**

Sometimes customers just can’t be satisfied. You do your best to figure out what they need and to explain how your product can satisfy those needs, but for some reason, they don’t buy. Apply two strategies to focus on solving a potential problem.
Tips From a Mentor

Ten Things Customers Want When Shopping

• A smile. Even if you are on the phone, a customer can hear in your voice when you are smiling.

• A pleasant and cheerful manner. Your smile may be the first impression, but a positive, upbeat attitude will leave a lasting impression!

• VIP treatment. No matter what service the person wants, treat him or her like your most important customer—because for that moment, he or she is! Remember, a valued customer may become a loyal customer.

• Speed and efficiency. Be sensitive to time issues. Never rush customers, but don’t ramble on or let yourself be distracted from serving them.

• Honesty. Admit a mistake. Don’t promise something you can’t deliver. If you can’t help a customer, don’t fake it—find someone who can help.

• Your full attention. Don’t take other calls, join other conversations, or otherwise let yourself be diverted from helping your current customer.

• Professional courtesy. Be polite. Act comfortably, but not informally with customers. Don’t use their first names without asking their permission. Find the middle ground between businesslike and friendly.

• Expertise. Know your business and stay informed about happenings around your company. Keep updated on products, displays, specials, and changes in your industry.

• A good listener. Everyone needs to be heard. Sometimes customers need to vent—don’t interrupt, even if you disagree with what the customer is saying. Obvious exceptions would be if a patron is cursing, insulting you, or disturbing other customers.

• Follow up. Make sure the customer gets what he or she needs and is satisfied. If you asked someone else to help the customer, check back to see that he or she was helped.

1. Find out what went wrong. Consider these questions: Was the product completely inappropriate for the customer’s needs? Does the customer have a bad impression of your company or its products? Did something go wrong in the delivery, installation, or service process? Did the marketing message reach the customer? Was your sales presentation weak? Maybe the customer can give you answers. Maybe you and your team should sit down and try to figure things out.

2. Correct the problem. If you don’t correct the problem, you’ll probably have similar poor results next time you present the product to a customer. If the problem was price, find a way to lower it. If the problem was reputation, focus your next presentation on improving that reputation.
**The Cost of Mistakes**

Mistakes can reach customers in many ways—as defective products, as delivery of the wrong product, as errors in invoices, as unintended insults, as excessive pressure to buy, as failure to resolve problems correctly, and so on. Mistakes mean more than wasted materials or wasted time. They can cause loyal customers to stop buying or even defect to the competition. When that happens . . .

- Marketing efforts that attracted the customer were wasted.
- The ex-customer will discourage other potential customers.
- Current sales revenues dip.
- Future sales revenues dip.
- Preparation for future sales was wasted effort.
- The effort you put into your customer relationship was wasted.
- The customer’s defection weakens your company while strengthening the competition.
- The mistake and the defection hurt morale at your company.

No matter how much pressure you are under, no matter how much work you have to do, slow down enough to do the job right.

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**QUICK RECAP 3.3**

**INTERACTING WITH CUSTOMERS**

- You represent your company, so look professional and be as helpful as you can.
- Learn the customer’s needs.
- Show the customer how your product can satisfy a given need.
- Give your customer a reason to come back.
- Keep that customer-first attitude.
- Business customers have very specific needs.
- On big projects, work with your team to help the customer.
- Nurture loyalty in your customers so they come back to do more business.
- When customers choose not to buy, find out why and try to solve the problem.

**CHECK YOURSELF**

1. What are the main steps in the sales interaction cycle?
2. How can you nurture customer loyalty?

Check your answers online at www.mhhe.com/pace.

**BUSINESS VOCABULARY**

- open-ended questions: questions that cannot be answered with a simple yes or no
- business-to-business (B2B): the marketing of products to a company rather than to an individual or retail customer
Managing Customer Complaints

It’s bound to happen: You make a promise and deliver the product, but something goes wrong. The product has a defect. Or delivery is delayed. Or the wrong product is delivered. Or the invoice is wrong. Or it isn’t what the customer wanted. Or the customer can’t figure out how to assemble it.

The Customer’s Problem Is Your Problem. The customer comes first, so when the customer comes back, you need to set things straight. Don’t just take care of the product; prove to the customer that you are still there to satisfy needs. In this section, you’ll learn how to approach complaints as opportunities to strengthen customer relations.

Customer Service

It’s normal for customers to have questions about what they bought or even complaints about product quality (how well the product was made) or product performance (how well the product does what it’s supposed to do). It is essential that someone in your company resolve these issues in a positive and constructive manner. This process is called customer support or customer service.

Whether you are selling, helping customers with their problems, or managing the people who help the customers, you should understand how to use complaints as opportunities.

Complaints Are Opportunities

Be glad when your customers complain! At least they didn’t throw your product in the trash and go look for another company’s product. At least they demonstrated a hope that your company cares about the satisfaction of its customers.

Every customer complaint is an opportunity to

- Serve the customer.
- Prove your concern for your customer’s satisfaction.
- Learn about problems with your product.
- Learn what other customers may be thinking about your product.
- Continue an ongoing relationship with the customer.
- Give the customer a reason to continue doing business with you.

Solve the Problem

Handling complaints is a lot like selling a product. Instead of helping a customer by identifying a need and satisfying it, you will help by identifying a problem and resolving it. To resolve a problem is to find a solution that satisfies the customer. It is...
very important that you resolve a customer’s problem. Here are eight steps to follow for every customer complaint.

1. **Start by apologizing.** Tell the customer that you’re sorry he or she has had a problem with your product.

2. **Indicate that you want to resolve the problem.** Tell the customer you will do everything you can to help. This will do much to calm them and encourage their cooperation.

3. **Identify the problem.** Ask questions until you fully understand what went wrong. Was it a defective product? If the customer is dissatisfied with performance, how so and what had he or she expected? Is the problem one of knowing how to use the product?

4. **Resolve the problem.** Your company probably gives you several options for resolving complaints. Do not offer a solution you are not authorized to make. Do not resolve the wrong problem, such as replacing a product when the real problem was a customer not knowing how to use the product. If you can’t resolve the problem, pass it on to someone who can.

5. **Apologize for an inconvenient solution.** If the solution is an inconvenience, such as sending the product to the company for repair, admit it and apologize. Minimize the inconvenience if you can. Emphasize that you will do everything you can to expedite the resolution.

6. **Document the incident.** Keep a detailed record of who called, when, how the customer perceived the problem, how you identified the problem, all the solutions you offered, the solution the customer accepted, and whether the customer was satisfied.

7. **Follow up.** Follow up on the resolution of the problem by contacting the customer to verify that the solution worked. See if there’s anything else you can do to guarantee customer satisfaction with the solution, the product, and the company.

8. **Prevent further problems.** How can your company prevent repetitions of the problem that caused the complaint? Once the problem has been identified, it needs to be communicated to the person who can fix the cause.

**Prepare for Problems**

The process for resolving complaints demands quite a bit of preparation. The person who handles complaints must know

- What questions and complaints to expect.
- Available solutions for the expected complaints.
- How to handle angry customers.
- Answers to expected questions.
- Procedures for specific solutions, such as returning products.
- The complaint-handling process, including reporting and following up.
Managing Customer Service

Taking care of customer questions, complaints, and problems is key to any company’s success. If you yourself will be helping customers, prepare yourself. Know the answers, procedures, and the process.

If you demonstrate your concern for customers with problems, you may soon find yourself managing the people who deal with the customers. These people will depend on you to:

- Impress them with the importance of a customer-first attitude.
- Outline the foreseeable problems and complaints.
- Train them in the process of handling problems.
- Help them when they can’t solve problems.

Help Desks and Tech Support

If you’ve ever called a help desk, call center, or technical support line, you probably know how the experience can be good or bad. You may get a busy signal several times, then have to punch in an endless series of numbers to get to the right department. You may get put on hold for 20 minutes or more, only to get cut off or told that your problem can’t be solved.
If you’ve ever been through that, you can imagine how customers feel when dialing up your company’s help desk or tech support line. They are tremendously relieved to hear an actual human being pick up the phone on the first ring, a person who proceeds to do everything necessary to solve their problem. The quality of assistance that customers receive over the phone is almost as important as the quality of the product they bought. Your can ensure quality assistance over the telephone by following a few basic rules:

1. **Be human.** Doing business by phone reduces the closeness of person-to-person contact. It is therefore all the more important to be warm, friendly, and sincere when helping someone by phone.

2. **Tune in to tone of voice.** Since callers cannot see facial expressions, eye contact, or body language, they tend to rely on tone of voice to interpret what they hear. You should pay special attention to the way they speak. You should strive to sound both friendly and professional.

3. **Be responsive.** As the caller explains the problem, respond with brief, positive words, such as *Yes* and *That’s interesting.* This will remind the caller that you are paying attention.

4. **Own your customer.** To own your customer is to stick with the customer until all problems are resolved, even if the customer is transferred to another employee or department. Ask the caller’s name and phone number. Be sure the caller knows your name and phone number. The person who owns the customer should follow up to make sure the problem has really been taken care of.

**Track problems**

If you are supervising the people who handle customer problems and complaints, your job is to watch the whole process. You want to see trends and opportunities for improvement: Keep your eye on the big picture.

**Track Customer Problems** Recurring problems are big problems. The best way to spot (and then correct) recurring problems is to track them. Personnel who handle customer complaints should keep records, and management should review them to look for patterns. A standardized problem report form will make it easier for you to review the problems your personnel solved (or failed to solve).

**Track Customer Service Problems** Your customer support process should undergo continuous improvement. Customer service personnel should work with management to identify problems they have in helping customers.

**Hold Customer Service Staff Meetings** Hold periodic meetings with customer support staff so they can discuss common customer problems, new solutions, and problems solving customer problems. You also can use these meetings to reinforce the importance of your company’s customer-first approach.

**Manage from the Middle**

If you are supervising the staff who handle incoming customer calls, you have to be reaching out in two directions: to staff and to management.
Communicate with Staff  

The people who talk with customers are the people who know where the problems are. They know what customers are complaining about. They know the difficulties in solving those problems.

Communicate with Management  

You are the bridge between the frontline staff who interact with customers and the management that has the capability to solve problems within the company. First and foremost, management needs to know when there are problems with the products. Management also needs to know whether staff require more training, whether the phone technology is working right, and whether staff have ready access to the resources they need to solve problems. Your job is to monitor and analyze phone staff reports and then inform management of problems and possible solutions.
**Monitor Customer Service Personnel**

To see if your people are helping your customers as efficiently as possible, you should monitor their performance. It is quite appropriate for a supervisor to listen in on help desk and tech support calls. (Personnel and customers should be aware that calls may be monitored.) You want to listen in to see if personnel

- Try to solve the problem.
- Succeed in solving the problem.
- Use a positive tone of voice.
- Follow correct procedures.
- Are polite, friendly, and helpful.

**QUICK RECAP 3.4**

**MANAGING CUSTOMER COMPLAINTS**

- Use complaints as opportunities to detect product problems, monitor customer satisfaction, and impress customers with your company's commitment.
- Complaints are problems to be solved. Solve them.
- Prepare yourself to handle complaints by knowing what to expect and where to find solutions.
- If you supervise people who handle customer complaints, be sure they are trained.
- When handling complaints by phone, make extra effort to sound human, friendly, and responsive.
- If you are at a supervisory or management level, track and analyze customer complaints, and track your company's success in dealing with them.
- Your staff can probably identify difficulties in helping customers and suggest improvements.
- Be sure that the management above you knows what's happening at the front line where your company interacts with customers.
- Monitor customer service staff to see who needs help serving customers better.

**CHECK YOURSELF**

1. How can you use customer complaints as opportunities?
2. List eight steps you should take as you help customers solve their problems.

Check your answers online at www.mhhe.com/pace.

**BUSINESS VOCABULARY**

- **product quality**: how well a product was made and how free of defects it is
- **product performance**: how well a product does what it is supposed to do
Internal Customers

Internal customers are people within your company who need the services of others in the company. For example, since you need your paycheck, you are a customer of the payroll department. Since everyone in your company works with and depends on someone else, and everyone serves someone else, everyone in your company is both a customer and a supplier.

Companies often recognize themselves as systems of internal customers and suppliers, and they expect their employees to work with each other as such. In other words, your customer-first attitude should extend to the people in your company. To find who your internal customers are, see Figure 3.4.

Serve Internal Customers Well

Everything you learn about serving customers applies to internal customers. You should find out who your internal customers are and what they need. Then, you should satisfy those needs and work to make internal customers glad they are working with you. View internal customers as your link to the paying customers.

You can do this by

- Communicating with them.
- Foreseeing their needs.
- Avoiding mistakes.
- Treating them with respect.

Internal customers are your link to external customers—the ones who buy your company’s products and, ultimately, pay your salary.

Identifying Your Internal Customers

You can start to identify your internal customers even before you begin your new job. How? During your job interview, ask who your internal customers will be. The customers who pay money for your company’s products and services are external customers. But as a member of your company team, you may work in a supportive role—one in which you have no contact with external customers. Instead, you are serving internal customers—people in your company who need what you do or make as part of your job. Likewise, you have internal suppliers—people who provide you with what you need to do your job.

**Internal Customers are Your Link to External Customers.** By serving your internal customers well, you serve the customers who buy your company’s products. Your approach to these two kinds of customers should be basically the same, with a few crucial exceptions. In this section, you will learn how to satisfy the needs of your internal customers.
question itself makes you sound knowledgeable and concerned. When you start a new job, the company may provide you with a list of your internal customers, but you’ll also need to do some thinking to identify them all. Watch for people who

- Talk with you by phone.
- Send you memos or receive yours.
- Give you assignments.
- Depend on your work.
- Are part of your team or department.

Don’t Forget Your Internal Suppliers

Identifying internal suppliers involves basically the same process as identifying internal customers. Look for the people with whom you communicate, people you depend on for products or information, and members of your team.

Communication

It is essential that you maintain communication with your internal customers and suppliers. Study these suggestions and sample communications:

1. Develop a rapport (a comfortable, trusting, conversational relationship) with customers so that communications run smoothly. Let them know that you recognize them as internal customers and that you are working to help them.

   - Example: You might simply say over lunch, “If we don’t get the right items over to your department in time, you tell me, okay? I’ll make sure it doesn’t happen again.”

Thinking Critically Brainstorm a list of other people or departments in a company. Who are their internal customers?
2. Ask customers what they need and tell them what you can offer.
   • Example: A manager may say to one of his supervisors, “What can I do to
     make your life easier?” The supervisor replies, “It would be good to receive
     a daily list of new orders.” Then the manager offers, “Better yet, I’ll e-mail
     a list of orders twice a day.”

3. Tell suppliers what you need and ask them what they can offer.
   • Example: “I need this whole report put into a PowerPoint program. Can you
     get it to me by Thursday?”

4. Keep the communication going two ways so that your customers know
what you are doing, and you know what they are doing.
   • Example:

Sample e-mail:

From: J. Jenkins, Logistics Dept.
To: P. Peters, Shipping & Delivery Dept.
Date: February 16, 2003
Re: Truck Tracking

As discussed, we are developing a Web site that will show the location of all trucks.
Have you begun training your people?

E-mail reply:

From: P. Peters
To: J. Jenkins
Date: February 16, 2003
Re: Truck Tracking

As per our phone conversation, we are developing training manuals for Web site truck
tracking. If we can be of assistance in developing that site, please advise.

5. Watch for signs of poor communication such as delivery errors, missed
meetings, requests for clarifications, and lost documents or e-mail.
   • Example: A manager may say to himself, “Uh-oh. Something’s wrong.
     That’s the third time he misunderstood me. I’d better figure out the
     problem.”
6. Eliminate obstacles to communication such as busy phone lines, slow office mail, poor handwriting on order forms, information incorrectly relayed, and so on.
   - Example: You may leave a message on your supervisor’s voice mail, “Jack, this phone tag isn’t working, so I think it’s better if I update you by e-mail. Does that work for you? Please let me know.”

7. Bridge gaps in communication; that is, information that doesn’t make it all the way to the internal customer, perhaps because of travel schedules, poorly run meetings, poorly designed order forms, poor writing skills, and so on.
   - Example: You may end a meeting by saying, “Just in case you didn’t catch everything I said, I’m going to leave you with a list of who’s to do what.”

8. Improve communication constantly by improving writing skills, planning meetings and presentations better, encouraging others to communicate, tracking down the sources of errors, and making phone calls and e-mails more effective.
   - Example:

See typical internal customer-supplier communication problems in Figure 3.5 for more examples.
Increased Efficiency, Reduced Costs

All companies want to increase efficiency and reduce costs. To increase efficiency means to accomplish things in less time, with less effort, or with fewer errors. To reduce costs means to reduce the actual spending of money, as well as to reduce the time it takes to perform tasks and eliminate needless tasks.

The internal customer-supplier relationship is an excellent place to look for ways to increase efficiency and reduce costs. Talk with your customers and suppliers to see where you can streamline processes and cut waste.

Identify Needs

You need to know what your customers need. Sometimes they will tell you; sometimes you will have to ask. Sometimes you just have to tell them what you can offer. Rapport with your customers will do much to help you identify needs that you can satisfy. Talk with them. Meet with them. Discuss their needs and how those needs are changing and figure out how you can offer them more.

Some needs go without saying: the need for promptness, accuracy, correctness, confirmation, recognition, respect, and so on. Don’t wait to be told these things. Think a little about what else your customer might need, and then do it.

Foresee Needs

As you get to know your internal customers better, you’ll be able to foresee their needs. If you know what they want, don’t wait for them to ask. If you’re not sure,
ask them. Sometimes you may be able to foresee a need before your customers see it! They will appreciate your suggestion. It indicates that you really are concerned with their needs.

**Satisfy Needs**

Your internal customers deserve the same customer-first attitude as external customers. In fact, your job description—the specific requirements of your job—is all about the customers you are supposed to help and what you’re supposed to do for them.

Your company has probably established some kind of process—a set of standard procedures—that aims at satisfying your internal customer. When you start a new job, one of your first objectives is to learn that process. As you learn the process and customer needs, you may be able to suggest improvements to the process.

Your customer satisfaction process, however, will have to adapt to the unexpected things that happen during daily business. When the unexpected happens, remember that your job isn’t to follow the standard process: it is to satisfy the customer. The process must adapt to that ultimate objective.

**Follow Up**

Did you do what you were supposed to do? Did the package arrive? Did he read the e-mail you sent? Did she understand your instructions? Did the plan work out? Were there any problems? Does the customer have any suggestions for next time? How can you improve?

These are important questions. You can learn the answers by following up. It’s important to confirm whether your customer was satisfied. Knowing that, you can look for ways to improve.

**Respect Internal Customers**

To keep your internal customers satisfied, show them respect.

- Respect their need to receive what you promised.
- Respect their need for information.
- Respect their need for a cooperative relationship.
- Respect their need to help their internal customers.

**Respect Internal Suppliers**

To keep internal suppliers working both for and with you, show them respect.

- Respect their efforts to help you.
- Respect their need for information.
- Respect their need for a cooperative relationship.
- Respect their need to help other internal customers.
- Respect their need to know or foresee your needs.
- Respect their need to hear, “Thank you.”

**Avoid Mistakes**

As mentioned earlier in this chapter, mistakes are expensive. Even if the external customer never sees the mistakes or feels their direct effects, mistakes cut down on efficiency and profitability, and they cause stress to the internal supplier–customer relationship.
Tips From a Mentor

Ten Friendly Phrases for an Internal Customer

• “How can I help you?” or “How can I make this right?” invites colleagues to specifically suggest how they want their problems to be solved.

• “Thank you for bringing this to my attention.” This phrase helps your co-worker know that you want to make things right.

• “I’m sorry” or “I apologize for the inconvenience” goes a long way to calm down an angry co-worker.

• “I can see how you’d feel that way.” The co-worker will feel that you are paying attention to his or her needs.

• “I don’t know, but I would be happy to find out for you.” Be sure to follow through immediately.

• “Perhaps my manager can help you” or “I believe the personnel department could fix that.” Always emphasize the help that’s available, not the fact that you cannot give it.

• “Let me give you that phone extension number” is better than “You have to call . . .”

• “I want to be sure I understand—do you mean . . .?” The co-worker will feel that you are listening to him or her, and you will get a better idea of his or her needs.

• Use the co-worker’s name. Nothing sounds friendlier to a person than his or her own name.

• “Is this solution acceptable?” The problem is not really solved if the co-worker isn’t satisfied. Be sure he or she is before you end the conversation.

QUICK RECAP 3.5

INTERACTING WITH INTERNAL CUSTOMERS AND SUPPLIERS

• Internal customers are the people in your company for whom you provide a service as part of your job.

• You should identify your internal customers and their needs.

relationship. When you make a mistake, it’s usually your internal customer who suffers most.

Mistakes happen. When they happen between you and your internal customer or supplier, the two of you should admit the mistake and figure out what went wrong. There’s little excuse for a mistake happening a second time.
It is important to maintain close and ongoing communication with internal suppliers and customers. Look for ways to improve the communication process.

- Look for ways to reduce cost and increase efficiency in your internal supplier–customer relationships.
- Follow up to confirm that you have provided internal customers with what they need.
- Respect the many needs of internal customers and suppliers.
- Make all necessary efforts to avoid mistakes.

CHECK YOURSELF

1. Who is an internal customer?
2. In what ways are communication between you and internal customers important?

Check your answers online at www.mhhe.com/pace.

BUSINESS VOCABULARY

- external customers: the customers who pay money for your company's products or services
- internal customer: someone in a company who needs the products or services provided by someone else in the company (an internal supplier)
- internal suppliers: people in a company who provide something to other people in the company (internal customers)
- increase efficiency: to accomplish things in less time, with less effort, or with fewer errors
- reduce costs: to reduce the actual spending of money, as well as to reduce the time it takes to perform tasks and eliminate needless tasks
3.1 The Importance of the Customer

**Objective:** Gain an understanding of what a customer is and how to recognize what customers need and want.

In this section, you learned that the customer comes first. Customers have needs, and your company’s objective is to satisfy a customer need with a product, a service, or both. You also learned how your company’s marketing department will analyze customer demographics in order to create advertising and public relations that stimulate the customer’s interest in your product. By knowing what your customers are looking for, you can more easily satisfy their needs.

3.2 Understanding Advertising and Public Relations

**Objective:** Study the importance of corporate identity, logos, and brand names and how to use these identities to appeal to customer needs, attitudes, and lifestyles.

In this section you learned how your company uses marketing to build customer recognition of its products. By being aware of product images and brand names, and by monitoring your company’s advertising and public relations campaigns, you can better understand what customers expect. You yourself are part of the effort to make your company and its products look good, so customers should see you as helpful, knowledgeable, and professional.

3.3 Interacting with Customers

**Objective:** Learn how to use attitude and language to cultivate customer loyalty and respect.

In this section you learned how to provide customers with what they need. You start by being a worthy representative of your company. Once you know what the customer needs, you can help the customer by explaining how your product satisfies those needs. A positive, let-me-help-you attitude makes this process more productive. In business-to-business interactions, you would consider the needs of both the customer company and the person with whom you deal.

3.4 Managing Customer Complaints

**Objective:** Become familiar with the principles of help desks, call centers, and tech support networks and how they are used to help customers.

Customer complaints are opportunities for you to prove your commitment to them. In this section, you learned the importance of solving customer problems. You solve them by indicating your sincere desire to help, then identifying the problem, resolving it, and, when possible, following up to make sure the customer is satisfied. You also document the incident so your company can track problems. If you manage the people who help customers, make sure they are trained and ready to handle possible complaints.

3.5 Interacting with Internal Customers and Suppliers

**Objective:** Understand how the people with whom you work in your company are your customers and suppliers.

Internal customers and suppliers are people in your company who provide each other with products or services. In this section, you saw that the customer-first attitude includes communicating with internal customers, foreseeing their needs, avoiding mistakes, and treating them with professional respect for their jobs. You learned to focus on reducing costs and increasing efficiency in the customer–supplier relationship.

**Business Vocabulary**

- advertising (p. 98)
- brand (p. 97)
- business-to-business (B2B) (p. 102)
- commitment (p. 93)
- customer (p. 92)
- demographics (p. 93)
- external customers (p. 113)
- image (p. 97)
- increase efficiency (p. 117)
- internal customer (p. 113)
- internal suppliers (p. 114)
- logo (p. 97)
Key Concept Review

1. What is a customer? (3.1)
2. When a customer wants to buy a car, what does he or she need besides the actual car? (3.1)
3. What is marketing? (3.2)
4. How does marketing help you help your customers? (3.2)
5. When you interact with a customer, what do you want to learn about him or her? (3.3)
6. How would you describe a good attitude toward customers? (3.3)
7. How are the needs of a business customer different from those of a retail customer? (3.3)
8. How are customer complaints actually opportunities? (3.4)
9. If you manage people who handle customer complaints, how can you help them? (3.4)
10. What are internal customers and suppliers? (3.5)

Customer Satisfaction

Use a search engine to find several Web sites that will help you learn how to satisfy customers.
1. What are good keywords and phrases to use with the search engine?
2. Make lists of (a) publications that can teach you more, (b) organizations that help professionals satisfy customers, and (c) events, such as conferences and seminars, that help professionals improve their customer satisfaction performance.

Step Up the Pace

CASE A Solving Customer Problems

You work for a national trucking company that transports products all over North America. As an account representative, you serve several dozen customers, including grocery product distribution warehouses, a car parts distributor, and a major importer of housewares from China. Recently, several companies have complained of receiving damaged goods. After investigating, you learn that a forklift operator at your central warehouse has been working carelessly.

What to Do
1. Before you identify the cause of the problem, what would you tell these customers? Write a short script of what you might say on the phone.
2. After you have identified the cause of the problem, what would you do? Write a letter to a customer who is threatening to find another shipper.
CASE B  Managing a Call Center

After six months as a phone operator at the customer call center of a consumer electronics company, you are promoted to supervisor of the call center. A few months later, the vice president of corporate relations says she's been receiving reports of customers who call but don't get the help they need. Some operators are less than polite. Others never really resolve customer complaints. It seems the phones are always busy.

What to Do

1. Write a one-page outline of a plan to improve call-center service. What steps would you take? How would you interact with call-center staff?
2. How would you help the vice president understand the problem and feel confident that it is being resolved?
BUSINESS SKILLS BRUSH-UP

Forms of Address in Business

How you address someone in business can make the difference between getting an interview and having your résumé thrown into a stack, never to be seen again. Follow the tips below for a letter or a business meeting.

- For mail, such as a cover letter or a memo, use the reader’s name and job title. When addressing a woman, use “Ms.” unless you know her marital status.
- If a name ends in Ph.D., write “Dr.”
- When writing a cover letter, if you don’t know the name, call the company to find out! If you cannot get a specific name, write to “Director of Human Resources” and use “Dear Director” in your greeting.
- Even if you know the person informally, never use nicknames when doing business.
- Never use “To Whom It May Concern” or “Dear Sir.” These generic phrases are too impersonal for today’s business world.
- Ask if you can use someone’s first name, unless you already know him or her well.
- E-mail is an acceptable way to communicate in business. Just remember, it should be no more informal than any other business communication!

Which Is Best?

You are writing a thank-you letter to Sara Downing, Associate Director, who has just interviewed you. How would you write her name in the address line?

1. Sara Downing
2. Sara Downing, Associate Director
3. Ms. Sara Downing, Associate Director
4. Ms. Downing, Associate Director

Although none is wrong, the best answer is #3. It gives the most information.

Exercise: On the lines provided, write the greeting you would use in a formal business letter to each person.

1. Elizabeth Martinez

2. Trey Chambers, Ph. D.

3. Mrs. Dana Springer
4. Mila Rossi, CEO

5. Human Resources Director Ryan White

6. Nightshift Manager Dan Abrams