



# New Business Development May be Filling a Leaky Bucket

By Valerie Atkin

>> If former Harvard management guru Theodore Levitt is right and the purpose of business is to create and keep customers, why is it there so much more focus on the creation rather than the keeping?

The growth in office furniture consumption has generated a mad scramble for new customers, often at the expense of those customers who actually kept the lights on for the last few years.

Despite a widespread understanding that it costs quite a bit more—some say as much as five times more—to get a new customer than to keep a current one, the thrill of the hunt often trumps keeping the home fires burning.

If you're only focusing on new business development without an equivalent focus on customer loyalty, then all you're really doing is filling a leaky bucket.

Typically, sales growth plans exceed the projected growth of the industry, implying an intention to win competitively-held accounts.

This plan only succeeds if you manage to keep those you already have. While you're pursuing the competition's accounts, they're pursuing yours. Your best customers are their best prospects.

If you are judging success by market share, and your share improves, all you know is that you have more. You don't know if you have more of the right type of customers—those who are likely to become loyal.

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Who are your best, most loyal customers? Do you know? Without a focused effort to create loyalty, the bucket will continue silently to leak profit.

A final compelling reason to make customer loyalty a priority is to ensure the sustainable value of your business when you leave it ... and you will leave it someday.

Having an effective leadership team, engaged employees, and loyal customers will make your business far more attractive.

Hopefully you're thinking, "Okay, where do I begin?" The first step is to undertake a serious gut check.

How serious are you? As Jeanne Bliss, author of Chief Customer Officer, says, "This work is not for the faint hearted or the quarterly inclined." There are four customer-oriented levels:

1. Customer Service
2. Customer Focus
3. Customer-Driven
4. Customer Loyalty

## >> Customer Service

*"Unhappy employees are terrorists. Whether they mean to or not, they destroy customer loyalty right at the grass roots."*

*- Paul Goodstadt*

The Customer Service Level is the vitamin C of customer loyalty. Some will benefit; none will be harmed.

Focusing on customer service means ensuring that each customer contact or 'moment of truth' is executed in a polite and consistent way.

Many dealers start with how the phone is answered. No customer wants to chase a salesperson through a maze of cell phone, voicemail, and prompts before being allowed to talk to a real person.

Differentiate your dealership by making it easy to get answers and where employees make the customer's issue their own until it's resolved.

One dealership branch I'm currently working with has

an agreement that everyone answers the phone so it won't ring into the vast depths of voicemail. Admittedly, it's a small branch, but salespeople answer each others' calls so the customer knows that someone is on their side.

Without explicit attention at this level, the customer's contact with individuals and their personal skill level determine the dealership's brand. This includes everyone from sales, design and finance to installation and perhaps even the manufacturer.

This level typically requires training in the fundamentals we'd all love to believe people don't need but often do.

## >> Customer Focus

*"The surest way to own a small business is to buy a big business and pay only lip service to customer loyalty."*

*- Jim Clemmer*

Delivering impeccable customer service doesn't guarantee there'll never be a mistake or problem. A dealership's service recovery ability is crucial.

Do customers feel as if they have the 'team' on their side working to resolve this issue? Does sales complain about the manufacturer, or does design complain about installation?

'Siloed' organizations eliminate all possibility of customer loyalty. Each department may focus on the customer, but unless they do it together, you get 'goal potluck' with each group bringing its own goal to the situation and, like many potlucks, ending up with too much of one thing and not enough of another.

To improve the smooth flow of customers through their purchase experience, a dealership must map that journey.

Lay out all the customer contact points and the hand-offs to be certain no customer falls into the chasm that sometimes separates departments. Staple yourself to an order and observe your dealership as a customer does.

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## >> Customer-Driven

*"If we aren't customer-driven, our cars won't be either."*

*- Donald Peterson, former president of Ford Motor Company*

The Customer-Driven Level acknowledges that it takes a village to satisfy a customer. You can recruit and hire the best individuals but without a game plan (and a good coach), you're unlikely to win.

Without a strong focus on employee satisfaction and engagement, you'll never rise to the level of cooperation necessary to become world class.

Employees must treat one another as customers and apply the same commitment, concern, and care internally and externally. This is only possible when such behavior consistently modeled from the top down. All interface issues between employees, departments, and manufacturers must be addressed and resolved BEFORE problems arise.

## >> Customer Loyalty

*"It never ceases to amaze me that companies spend thousands of dollars to attract new customers (people they don't know) and spend next to nothing to keep the ones they've got."*

*-Jeffrey Gitomer*

How is loyalty created? The best way to begin looking for an answer is to flip the question. Ask yourself, to whom am I loyal? Not your financial advisor, lawyer, or doctor—those who can save you money or even your life—but businesses like yours.

If you can think of one, ask yourself why you're loyal? The company that has earned my loyalty these days is Apple.

Imagine if your customers boasted about their loyalty the way we "Mac-iPhone-iPad/iPod/iPod-philes" do. It's easy to dismiss Apple by saying, "Look at all the resources they have." But doing so ignores how many employees Apple has and that they are able to replicate this positive customer experience from store to store and phone call to phone call.

Also bear in mind, Apple doesn't hold sales or discount product. They create loyalty by excelling at all of the above levels and by knowing exactly who their ideal customers are. They have established an intimate relationship with customers through contact, metrics, and responsiveness—and we customers don't mind!

I'm happy to share my preferences because I know they will translate into better support and products. A perfect marriage.

The significance of customer loyalty isn't new, nor is achieving it easy. But once achieved, it yields increased profit and enjoyment while lowering blood pressure for all involved.

*"Consumption is the sole end and purpose of all production; and the interests of the producer ought to be attended to, only so far as it may be necessary for promoting that of the consumer."*

*-Adam Smith, 1776*



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