

WHITE PAPER

The Cult of the Customer

A special summary to introduce you to the Cult...

With excerpts from Shep Hyken's speech

PARATURE®

INTRODUCTION

Welcome to this summary of *The Cult of the Customer*. The book was released in April 2009 and within a week landed on the Wall Street Journal and USA Today's best seller lists.

This summary is your introduction to powerful customer service and experience concepts that can help increase...

- Customer loyalty
- Employee morale
- Employee loyalty
- Value to your customers
- Your bottom line
- The value of your brand
- And much more

Customer service is driven by the customer experience. The two should not be confused. Service must be experienced, and that experience is provided by the people inside a company. This is important: Whatever employees experience on the inside of a company is similar to what customers will experience (on the outside). Is your company in "alignment?" Does every employee understand the vision? Do employees love their jobs? This publication gives you a sampling what you will find in Shep Hyken's latest book (and speech), *The Cult of the Customer*. The concepts, lessons and strategies you are about to read will show you how to build a customer service culture that will make your customers (and employees), "Amazing!"

To purchase *The Cult of the Customer* book, go to www.CultOfTheCustomer.com

Free Customer Service iPhone and iPod Touch Apps:

Three free apps are available from Shep Hyken: "Cult of the Customer," "Moments of Magic" and the "Shep Hyken App." Download them from Apple's App store and you will have access to tips from the books along with my favorite customer service articles, videos, photos, speaking schedule and more. In the app store, search for them by their names.

No iPhone? No worries! Just go to www.Hyken.com/app and you will have access to some of the same content — just not on your phone.

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THE GENIE AND THE ICE CREAM SHOP

Once upon a time...

a genie paid a visit to the town square of Businessland, where he met three entrepreneurs, each of whom wanted to open an ice cream stand.

The genie said, "I will grant each of you one wish — give you anything you ask of me — if, and only if, granting your wish will truly ensure the success of your venture."

The first entrepreneur thought for a moment and then said: "My wish is the best possible ice cream to sell here in Businessland."

The genie frowned and said, "I shall not grant it. The best ice cream on *Earth* would not guarantee your success."

The second entrepreneur was quick to speak up. "My wish is that you should grant me the very best location in Businessland, a place where my ice cream shop will be noticed by all who pass through the city."

Again, the genie frowned. "I shall not grant it. The best location on Earth would not guarantee your success." The genie cast a doubtful eye on the third entrepreneur, saying: "Yours is the last wish."

The third entrepreneur smiled confidently as she said, "I have ice cream, though it may not be the best on earth, and I have a storefront in mind, although it may not be the best location. My wish," she continued in a firm voice, "is that I should have a never-ending supply of loyal customers lined up outside the door of my ice cream shop every day."

The genie grinned broadly. "Yes! You will have success! Your wish is my command."

You see, without customers, it doesn't matter how good the ice cream is.

Without customers, it doesn't matter where you put the ice cream shop.

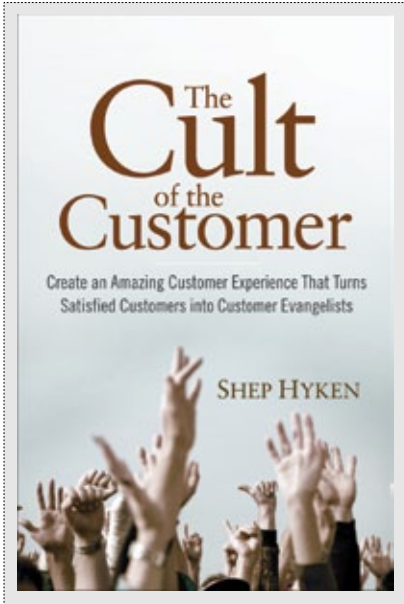
Without customers, you don't have a business.

When you have a good product and a decent position in the market, be it location, reputation, whatever — AND you have customers who want what you sell, you have a shot at success. And when those customers want to come back — and more importantly won't go anywhere else — that's called loyalty. And taking it a step further, when they are willing to recommend you to others — because they love you — that's called evangelism. And that is what the *Cult of the Customer* is all about; creating an amazing experience that turns satisfied customers into customer evangelists.

So, while I may not be a genie that can grant wishes, what I can do is give you the tools and information you need to deliver a customer experience — that takes you to the Cult of the Customer.



WHAT IS THE CULT OF THE CUSTOMER?



So, let's talk about this "Cult." First, the word CULT is not a dirty word. Even though the word "cult" has been associated with somewhat extreme religious or fanatical groups, a cult is nothing more than a group of people who have a shared belief or enjoy common experiences. If you meet with a group of people every Saturday morning to ride bikes, that is a cult. If you routinely meet with a group of people after work to talk about solving the world's problems, that can be considered a cult.

So, what is the Cult of the Customer? In this case, I'm playing off of the word *cult* to describe an organization's customer focused *culture*. This culture focuses on the inside of the organization. What is happening on the inside is also being felt on the outside, by your customers. Build a corporate culture — or cult — that is focused on the customer, and you will start to create amazing experiences, not just for your customers, but for your employees as well. This really is a cult you want to belong to!

THE FIVE CULTS

Years ago, I identified five phases that customers go through from the time they first start doing business with you until they become loyal to you and your company. Here is the interesting part — the part that matters to you and me as business people: Employees of your company go through identical phases. As mentioned above, what is happening on the inside of a company is also happening or can be felt on the outside. In other words, employees and customers live in parallel worlds.

In order for a company to create an Amazing experience — one that creates not just loyal customers, but customer Evangelists — the employees of that company must move through these phases before the customers do. These phases are the various Cults that your company may be in.

So, here they are; the five Cults of the Customer...

1. THE CULT OF UNCERTAINTY

The Cult of Uncertainty — Unfortunately, this is where most companies are working from. At best, service is inconsistent; sometimes good, sometimes great, sometimes average, etc. At worst, the service is terrible. The bottom line is that the customer doesn't know what to expect.

So, how do you get out of uncertainty? It may take a lot of work, hiring right and training, but there is one piece of this that is an absolute, which takes us to the next Cult...



2. THE CULT OF ALIGNMENT

The Cult of Alignment — This is where the company has created a brand promise, or what I refer to as a *mantra*, that lets employees and customers know what to expect. This is very important. And more than that, the company must make sure every employee understands this mantra and is working to deliver on the promise. This is done through training and reinforcement of the message — or mantra.

For example, Outback Steakhouse used to have a brand promise that was a perfect mantra: "Great Food, No Rules!" Or one of my favorites comes from the Ritz Carlton, "We're ladies and gentlemen serving ladies and gentlemen." In both cases the employee AND the customers get it. It's simple. It's one sentence. I've sat in board rooms with executives who were embarrassed that they couldn't clearly articulate their CEO's vision and or mission.

Here is the strategy. Simplify the company vision or mission statement. Break it down to one sentence, or even just two or three words. The mantra in our office is simple; Always Be Amazing. We want to be amazing to ourselves. We want to be amazing to our clients. And, we want our clients to be amazing for their customers and clients. Always be amazing!



Create your mantra and have everyone memorize it. Without it, you can't get to the next Cult, which is...

3. THE CULT OF EXPERIENCE

The Cult of Experience — Even with a great brand promise, the customer may not have confidence until that promise is experienced, sometimes numerous times. Maybe it will be a great experience — maybe not. If it is great, will it happen again the next time? This Cult, and the next one, The Cult of Ownership are closely tied together.

A great example of Experience and Ownership is PayPal, the online service that allows a customer to pay for virtually anything they buy. In just a matter of seconds money is transferred out of a customer's account to almost anywhere in the world.

Most people using PayPal for the first time are a little uncomfortable.

The customer is asked to share personal information including bank account and credit card numbers. Even with their excellent reputation, there is some concern. It can take as long as fifteen or twenty minutes to complete the first transaction. The customer isn't quite comfortable with the procedure and is just learning his/her way around the website. And, then it works.

Once it works, it seems easy. And the second and third time using PayPal is much easier. The customer is becoming comfortable. After several times of using Paypal, it can literally take less than a minute to pay for an item.

The experience becomes predictable. It is comfortable. And the customer quickly passes through the Cult of Experience into the next Cult...



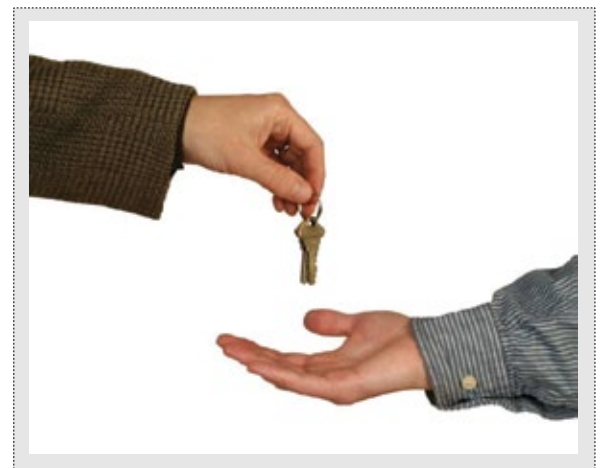
4. THE CULT OF OWNERSHIP

The Cult of Ownership — Once the customer experiences the promise, and it is predictable, the customer owns it. This is a powerful place to be.

The PayPal example is perfect because it shows how someone goes from complete discomfort to something that is routine and a great convenience.

And that is what the Cult of Ownership is about. The experience becomes predictable. You can count on it; every time.

Now, just being in Alignment and getting the employees and customers into the Cult of Ownership, doesn't mean you are delivering a level of service that guarantees success. The focus now needs to be on the next Cult...



5. THE CULT OF AMAZEMENT

The Cult of Amazement — This is the ultimate Cult. When the experience is predictable, and if it is consistently *better than average*, the company has risen beyond satisfactory. People may think that “amazement” means a WOW experience. While WOW is wonderful, the great companies in the Cult of Amazement are simply operating at a level that is, at a minimum, above average.

It is important to note that most companies can be great some of the time, but very few if any are great all of the time. A lack of consistency puts a company who just delivered a great service experience right back into the Cult of Uncertainty.

Now, while no one or no company is perfect, the companies that strive to work in the Cult of Amazement are best equipped to manage problems. They like operating in Amazement, and if they fall short, they have a system that includes procedures and trained people to help restore a customer’s confidence.

Again, the Cult of Amazement, more than anything is *predictable above-average experiences*.



JOIN THE AMAZEMENT REVOLUTION

So, now you have been introduced to the Cult of the Customer and understand the five cults, or phases, your employees and customers go through on their journey toward Amazement. This is what I call the “Why.” However just knowing and even understanding this concept won’t put you into the Cult of Amazement. Beyond the “Why” you need to know the “How to.” So, what follows are ten (plus) simple, but powerful strategies that you can implement immediately that will help you get to — and stay in — the in the Cult of Amazement.



1. RECOGNIZE THAT CUSTOMER SERVICE IS COMMON SENSE...



That unfortunately isn't so common. You already know how to create great service. Most of what it takes to create great service is intuitive. Let me get more specific.

Let's say that you are taking your car in for some maintenance work. Would it be unreasonable to expect...

- Prompt appointments. You call and they tell you to bring your car in within a few days.
- They greet you when you come in.
- They know your car's service history. Easier than ever with an invention they call the computer.
- When you pick your car up, it is clean — at least as clean as when you brought it in.
- They may even offer you a ride to work — or a loaner for the day.

Does any of this seem demanding? To me, it seems like common sense.

Jon Osborn, research director at J.D. Power and Associates backs this up in a recent customer satisfaction study of the automotive industry. The highest ranking brands were rated so high by their customers because they consistently delivered on the just-mentioned common sense practices.

Mr. Osborn's comment on this drives home my point. He said, "These courtesies may seem intuitive, but many dealers do not provide them consistently."

In other words, common sense! And it appears that while many dealers are doing them, it is *inconsistency* that brings down their customer satisfaction scores — and puts them into the Cult of Uncertainty.

Most of us know what good customer service is. It is intuitive: common sense. So, why do some companies have problems delivering customer service?

The simple answer is lack of consistency, and the reason for that is twofold: (1) Not recognizing great service opportunities and (2) little or no training.

2. THE GOLDEN EMPLOYEE RULE



First and foremost you must remember what I mentioned earlier when I said that employees and customers are in parallel worlds. Whatever is happening on the inside to the employee is being felt on the outside by the customer. In other words, amazement starts inside.

My strategy for this is simple. It's an offshoot of the Golden Rule. I call it the Golden *Employee* Rule.

You know the Golden Rule: Do unto others as you would want done unto yourself. Well, do unto your employees (who work with you or for you) as you want done unto your customers. In other words, treat the people you work

with like you want the customer treated — maybe even better. This is one of my favorite strategies and I've been preaching it for a long time. It starts at the top. Become an example of the behavior you want employees to exhibit to their customers and their fellow employees.

3. THE AWESOME RESPONSIBILITY



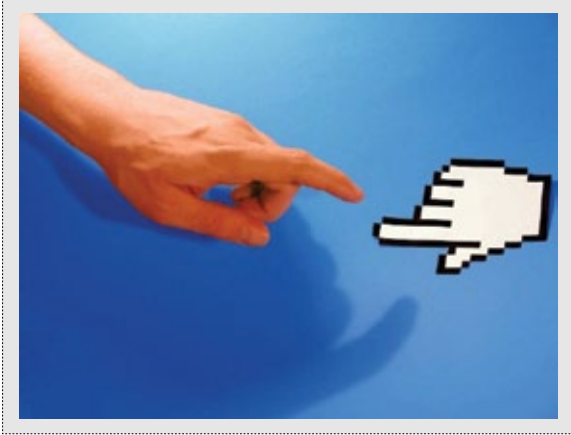
All employees must buy into the concept of The Awesome Responsibility. Everyone must recognize that at any given time, they represent the entire company; the name, brand, reputation, building and ALL of the employees.

One morning I took one of my daughters with me to buy a gift for my wife. The woman that took care of us was so nice, not just to me, but to my daughter as well. When we left my daughter said to me, "Wow, the people at that store are so nice." That statement wasn't quite accurate. It wasn't the people. It was the person. And, it was that person that represented the entire store and group of employees.

We've all said it... "I love doing business with them," when actually it was a he or a she.

Recognize that all of the advertising and marketing dollars don't mean anything if an employee doesn't treat the customer in a way that is consistent with your brand promise or the reputation you want to be known for. Employees should be an extension of all of your marketing and advertising efforts. When they deliver on the promise and create an amazing customer experience, customer confidence goes up, which transforms into customer loyalty.

4. MANAGE TOUCH POINTS AND IMPACT POINTS



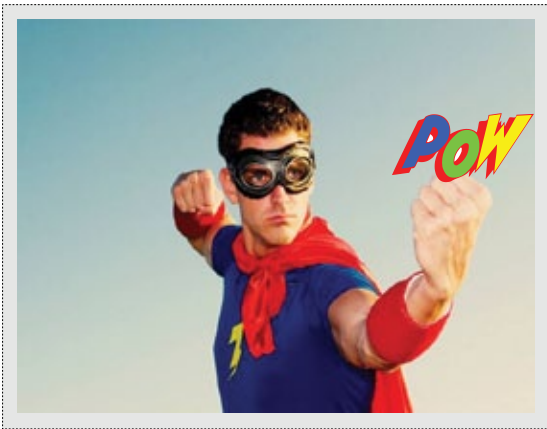
Back in 1986 I read the book, “Moments of Truth” by Jan Carlzon. If you have read my articles and books over the years, or have seen me speak, you may remember that Mr. Carlzon took a failing airline and turned it around to be the most successful and admired airline in the airline industry. He did it by managing the moments of truth, which he defined as:

Anytime a customer comes into contact with any aspect of a business, however remote, they have an opportunity to form an impression.

These “moments of truth” are front line contacts I refer to as *touch points*; interactions between your company and the customer. Anything happening behind the scenes is an *impact point*. A flaw or mistake behind the scenes impacts the outcome of the customer experience. For example, when you

check your bag at the airport in St. Louis and it shows up in Los Angeles, a lot has to happen. It doesn’t just show up by magic. Any and all of the many processes and activities happening behind the scenes are the impact points. Go through the process of identifying the Touch Points and Impact Points and you’ll find opportunities to make the customer service better and consistent.

5. WOW WITH AN OCCASIONAL POW!



While a *predictable and consistent above average experience* in and of itself is good enough to be in the Cult of Amazement, there are companies that stand out with truly amazing, over the top service. The service legends include companies like IBM, Nordstrom’s and Lexus, just to name a few. They create what Tom Peters has been credited with calling a WOW level of service. Recently Andy Nuhlman wrote a book called POW. While WOW is creating a super high level of service — the higher end of the Cult of Amazement — POW is the surprise.

Zappos is a great example of this. They will upgrade a customer’s shipping to next day, even though they paid for regular shipping. Surprise!

How about the restaurant that calls a guest the next day to make sure they had a great meal the night before. A pleasant... Surprise!

For the customer, great service is hoped for. WOW is very much appreciated. POW is... a capitalized version of AMAZING!

Don’t confuse WOW with POW.

6. CONFIDENCE CREATION

My formula for customer loyalty is simple: **Great service + Confidence = Loyalty**. Without confidence there is little or no chance for loyalty. Confidence comes from the Cult of Ownership. Once the experience is expected and predictable, confidence develops.

While this is a great concept and theory, employees on an individual level can practice confidence creation. They must commit to the following:

1. Always doing what they say they will do.
2. Doing what they promise on time, if not even a little ahead of time.
3. Not blaming others for their mistakes. This is accountability.
4. Saying please and saying thank you — showing respect and appreciation.
5. Practicing proactive service — anticipating the customer's needs before the customer has to ask.
6. Under Promise and Over Deliver



Evangelism cannot come without loyalty. And loyalty cannot come without confidence.

7. PRACTICE SERVICE CREATIVITY

Find opportunities to improve the customer experience.

A restaurant that never took reservations is now willing to do so. Why? Because that is what the guests want, and if that is what it takes to get them in the door, they'll adapt.

A distributor sends a truck loaded with equipment to a customer's location. Rather than just pulling up to the dock and waiting for the customer's warehouse employees to unload the truck, the driver now does it for the customer. This extra value-added step has helped the company secure even more business from existing customers. Why? The competitors aren't doing this (yet).



Recently Southwest Airlines started experimenting with free in-flight Internet service. Other airlines are also experimenting with this, but I haven't heard of any of them offering it for free. This is the type of value-added service that creates a better customer experience that helps keep customers loyal and may even pull business away from the competition. And, while many other airlines add fees for checked baggage, Southwest continues to check bags for free, as they always have. Southwest Airlines doesn't promise "white glove" service. They promise a good value and a pleasant flight. They continue to meet and exceed customers' expectations.

The first step to service creativity is to hold a meeting with your employees. Identify all of your touch points (See Strategy #4). Create ways to improve on some of these touch points. Brainstorm what you can do to add value, not just to the touch points, but also to your existing products and services. Ask your customers what you can do to make doing business with you even better. What are they asking for that you aren't currently doing?

Are your competitors doing something that you aren't? If so, don't copy them. Come up with your own version of what they are doing. Make it your own. Make it unique. Make it better.

Look at what great companies outside of your industry are doing. What can you learn from them? What are they doing for their customers that you can modify and do for yours?

Service creativity is a strategy that helps you differentiate your company from the competition. It increases the value to your customers and improves the customer experience.

8. ATTENTION TO DETAIL

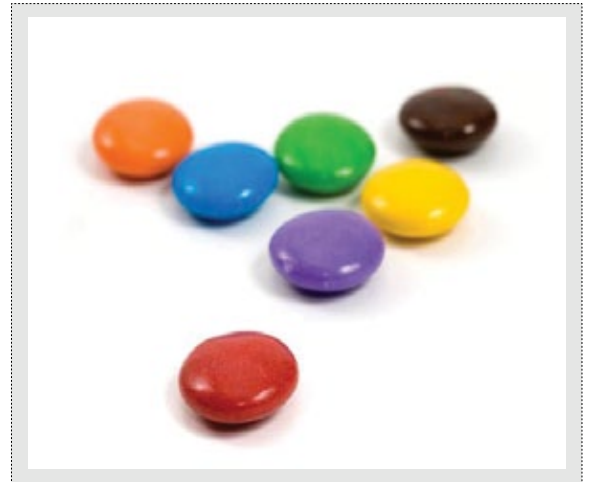
Missing details may sometimes go unnoticed by a customer. However, when the smallest details are handled well, customers become impressed and confident.

Perhaps you have heard the story of the rock stars who wanted a bowl of M & M's in their dressing room — and requested that all the brown ones be removed. One might call this request... extreme, difficult or maybe even eccentric. And, is the story even true?

Yes, it turns out the story is true. The band was Van Halen, and the request was anything but extreme, difficult or eccentric.

Many performers' contracts include a rider, which indicates all of the specific requests to ensure the show will go well. A rider can include dozens, if not hundreds of requests. Van Halen put the "no brown M & M's" request in their rider to see if the people working the show were paying attention to the details. The thought was that if they didn't take out the brown M & M's, what else did they miss? They weren't being difficult. They had created a system that checked (and hopefully confirmed) that the crews they worked with in each city were paying close attention to details. They wanted their fans to experience a perfect show.

Create a system that checks and confirms that employees and vendors are managing the details. Paying attention to the details can help ensure a flawless customer experience.



9. AMAZING RECOVERY

In the wake of adversity, you may have the best opportunity to create confidence. Being in the Cult of Amazement doesn't mean you're perfect. So, when there is a problem or, as I like to call it, a *Moment of Misery™* recovery becomes the key strategy to not just restoring confidence, but making it even stronger.

Realize that being in *the Cult of Amazement doesn't mean you're perfect. However, when you are in this cult, you will be better equipped to deal with problems and mistakes.* Your customers will have confidence in you, and give you the opportunity to turn a wrong into a right.

First, let's make the assumption that problems don't occur frequently — at least to the same customer.

My friend Tom Baldwin, the CEO and President of Morton's the Steak House, has the philosophy that good service is *"mistakes well handled."* In other words, no matter how great you might be, one mistake not handled well, can destroy the brand promise. The Morton's strategy for handling problems is simple. Don't let the problem walk out of the restaurant. Deal with it right away, quickly and to the satisfaction of the guest. Restore their confidence while the guest is still in the restaurant.

Take that philosophy into your company. First, let's assume you're good at what you do most of the time and that you don't have many problems or complaints. When there is a problem, your goal isn't just to fix it. It is also to restore confidence. You do that by doing three things:

1. Fix the problem that needs fixing. That's a given.
2. Do it with the right attitude; an attitude that is positive and one of accountability.
3. Act with urgency. Respond quickly; the quicker the better.

And this is the best part. Many times when you fix the problem the right way, you restore confidence to a level greater than before you ever had the problem.

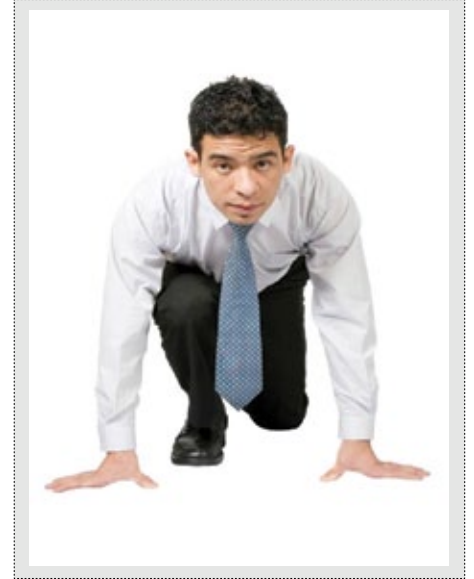


10. STARTING OVER

In *The Cult of the Customer* I write about how easy it is for a company who has the reputation of operating at the level of *Amazement* to fall back into a cult (or phase) of “uncertainty.” The best companies understand that they are only as good as the last sale.

Tony’s is a famous St. Louis restaurant. One night I made a comment to Vince Bommarito, the owner, that Tony’s is so good and the expectations are so high that all Tony’s has to do to exceed expectations is to simply meet them.

His response was brilliant. He said they get lots of phone calls and letters about the restaurant, the food and employees. Every night just before Tony’s opens they have an all-employee meeting where Vince loves to share these accolades. *Then he tells everyone, “This is great and we should all be proud. Guess what? In five minutes we start over!”*



BONUS: ALWAYS SHOW APPRECIATION

Every customer wants it, every customer expects it. At a minimum, show appreciation by saying, “Thank you!” And, you can do it in numerous ways; face-to-face, over the phone, thank you notes, holiday cards, etc.

Internally, employees want to be appreciated. The number one reason an employee leaves a company to work somewhere else is due to lack of appreciation. Let people you work with, and who work for you, know that you appreciate the effort they put forth.



SHOW ME THE MONEY!

It is in the Cult of Amazement where customer loyalty really begins. Understanding the five Cults, and where you and your company fit in, is the beginning of creating Amazement, which leads to loyalty and eventually evangelism — when your customers are more than loyal. It's when they rave about you to their friends and associates.

As simple as some of these strategies may seem to be, it will take effort to make them work. It will cost in the form of training and time. Is it worth it?

Let's look at some numbers and put it in terms of dollars.

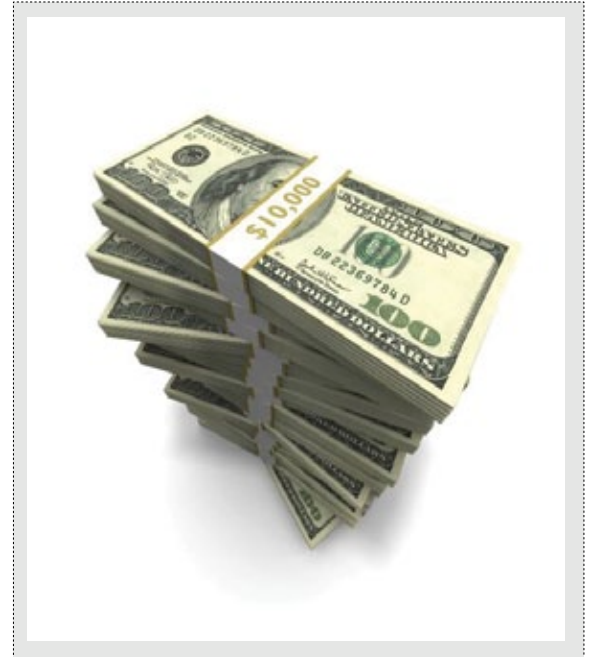
University of Michigan's Ross School of Business Professor Claes Fornell directs the National Quality Research Center which manages the American Customer Satisfaction Index (ASCI). Another professor, Bruce Cooil from Vanderbilt, used the ASCI numbers to determine that certain high-level customer focused companies could out perform the stock market.

Looking at the stock market during the ten year period between 1996 and 2006, which included both a bull and a bear market, you may remember the market soared through the late 90's and tanked in the early 2,000's.

If you bought a portfolio of companies who not only had high ASCI scores, but also ever so slightly improved on those scores over the past year, you would have far out-performed the stock market.

A portfolio of the Standard and Poors 500 stock index just more than doubled during that ten year period, gaining 105%.
A portfolio that consisted of these customer service superstars more than doubled the S and P's performance, gaining 212%.

The numbers don't lie. The result of a strong service experience strategy is more customers, happier customers, loyal customers and more referred business. The effort and cost to provide an outstanding customer service experience doesn't really cost. It pays!



FINALLY...

Hopefully this has made a compelling case to get you to join in on the Amazement Revolution, focusing on your employees and creating a culture (cult) that is fanatical about taking care of customers.

Remember, what is happening on the inside of a company is also happening and being felt on the outside by your customers.

Are you hiring right, training often, in alignment, and creating predictable above average experiences for both employees and customers? Do you have a system in place to deal with problems? Are you already in *The Cult of the Customer*? If not, it's time to join.

This really is a Cult you want to belong to!



ABOUT THE AUTHOR

Shep Hyken, CSP, CPAE is the Chief Amazement Officer (CAO) of Shepard Presentations. As a speaker and author Shep works with companies and organizations who want to build loyal relationships with their customers and employees. His articles have been read in hundreds of publications, and he is the author of *Moments of Magic*®, *The Loyal Customer* and the Wall Street Journal and USA Today best seller *The Cult of the Customer*. He is also the creator of *The Customer Focus*™ program, which helps clients develop a customer service culture and loyalty mindset.

In 1983 Shep founded Shepard Presentations, LLC and since then has worked with hundreds of clients ranging from Fortune 100 size organizations to companies with less than 50 employees. Some of his clients include American Airlines, AAA, Anheuser-Busch, AT&T, AETNA, Abbott Laboratories, American Express — and that's just a few of the A's!

Shep Hyken's most requested programs focus on customer service, customer loyalty, internal service, customer relations and the customer experience. He is known for his high-energy presentations, which combine important information with entertainment (humor and magic) to create exciting programs for his audiences.

(CPAE, or the Council of Peers Award for Excellence, is the National Speakers Association's Speaker Hall of Fame award for lifetime achievement in the area platform/speaking excellence. CSP is the international designation for *Certified Speaking Professionals* and is awarded to individuals for certain achievements and education in the speaking profession.)

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PARATURE®

ABOUT PARATURE

Parature enables organizations to better serve, support, engage with and retain their customers via the Web. Industry-leading, on-demand Parature Customer Service™ software provides customer service organizations with a comprehensive, multi-channel way to meet the growing expectations of their customers. With more than 10 years experience, Parature serves organizations in a wide variety of industries worldwide and helps support more than 16 million end users. Parature is among Inc. Magazine's Top 100 Fastest Growing Private Software Companies and is the recipient of numerous product, technology, and leadership awards. Today, the Parature name is synonymous with innovation and value in Web-based customer service software, strategies and best practices. Parature is headquartered in Vienna, Virginia with offices in San Francisco and the U.K. For more information, visit www.parature.com or follow [@parature](https://twitter.com/parature) on Twitter.

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