Helping First Time Supervisors Understand the Value of a Customer – For Life!

Part 2 in a 12-Part Series on Helping First Time Managers and Seasoned, But Untrained, Supervisors Transition to Effective Leaders

About the Supervisory Basics Article Series

The transition from an individual contributor to a supervisor or manager role is one of the most critical and difficult career moves. Representing the largest pool of management talent in most companies, supervisors prove critical to an organization's success. Companies that develop superior leaders in these supervisory positions can execute more effectively than their competition.

"There is only one boss – the customer – and he or she can fire everyone in the company from the chairman on down simply by spending their money elsewhere." – *Sam Walton, founder, Wal-Mart Stores*

Research about employee engagement provides evidence that frontline supervisors play a crucial role in the productivity and morale of their employees. The link to customer service is equally significant. When untrained supervisors are in charge of frontline employees with customer contact, the impact on customer relationships can be devastating. Based on negative interactions with supervisors, frontline employees may exhibit negative attitudes, resolve problems incorrectly, or take other actions that damage goodwill, brand and profits!

This article, *Helping First Time Supervisors Understand the Value of a Customer – For Life!,* is based on Module #2 from The Supervisory Basics Series, which gives first-time managers an appreciation for "business acumen"' – an understanding of how a business creates value and makes money. The Supervisory Basics Series consists of 12 individual yet linked two-hour modules, delivered in leader-led or eLearning formats, helping managers understand the management behaviors and tactics required to ensure their own and their company's success. More information on The Supervisory Basics Series can be found at the conclusion of this article.

Listen to the Supervisory Basics Podcast Series: *Tips for Managers and HR Professionals on Helping Individual Contributors Transition to Effective Leaders.* Visit impactachievement.com.

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Introduction

Business acumen is a basic understanding of how an organization makes money (delivers value). For a business to be successful in the long term, a supervisor/manager must understand and follow through on the idea that satisfying the customer is the lifeblood of a business. The customer is the one with the money that builds the base upon which all business strategies rely. A quality product or service supported by a superior customer experience creates loyal customers – they come back and say good things about their experience. Word spreads.

Unhappy customers do not come back and will most likely share their bad experience with others – thereby also damaging a company's hard-earned reputation along the way. The smart manager has the business acumen to understand that creating value for customers is critical in the business equation and will do what it takes to serve the customer even though the customer's expectations may seem "unrealistic."

Stew Leonard, the founder of Stew Leonard's Dairy, was known for making explicit to all employees the "lifetime" value of the customer. He concluded that if his company could earn a customer's business every week ($200 a week), for 50 weeks every year (two weeks off for vacation), for 10 years (average number of years customers live within his demographics) he could earn $100,000 from a single customer. That is the value that Leonard wanted every employee to see pasted on every forehead of every customer in his store, so the customer would be treated like an asset rather than a transaction.

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Every department in every organization plays some part in creating value for customers. The effective supervisor or manager must be trained to connect the dots between the performance of his or her work group and its impact on customers. How will the performance of a workgroup or department influence the customer's decision to buy from/use the organization? Are they creating positive word of mouth? Are they positively creating repeat business?

Creating a focus on the customer is a primary responsibility of any supervisor or manager. Service quality is a management issue – not a frontline issue. The employees will march to the drumbeat of the person they report to. When the supervisor or manager has a customer focus, the employees will respond in kind. Making money is the goal of the organization and the customer is the source. Make the customer happy. Make money. That is the most fundamental successful business strategy a company can have.

Customer value elements over which workgroups and/or departments have control include:

- Quality of product
- Cost of product
- Convenience
- Time
- Easy to do business with
- Responsiveness

Principles of Customer Loyalty

Today, customers in almost every industry have more choices of similar products, at similar prices, at similar quality levels, with more places of access, than ever before. This puts an emphasis on superior employee performance – not just mediocre performance – in creating loyal customers. Traits to look for when trying to achieve customer loyalty:

1. Brilliant at the Basics – Operational Excellence

Success depends on being in touch with the fundamental things that truly contribute to a customer spending money with your organization.

Success depends on being in touch with the fundamental things that truly contribute to a customer spending money with your organization. If a company can't deliver the basic promise that has been made explicitly or implicitly to customers, that company is wasting its time. Managers and the groups that support the success of the customer's experience need to look at the basics. Basics include the right product or service, the right place, the right time, and the right way.

2. Be the Customer

Being customer-focused is about gaining a clear understanding of exactly how things done in the workgroup and/or department affect the customer and other employees who rely on delivering the basics. Details that seem trivial may not be so to customers and other employees. Consider the downstream consequences – to other employees and to the customer – when poor performance results in wasted time, delays, defects, inconveniences, and irritations. Employees will become frustrated. Customers won't bother to return. The revenue stream will begin to dry up.

3. Under-Promise/Over-Deliver

Perhaps the worst situation one can get in with customers, or other people who depend on your results, is to over-promise and under-deliver. This creates dissatisfaction and frustration with customers/other departments, damages reputations, and puts the work process in chaos –

all the while, direct reports are performing under anxiety. Things to look out for include:

- Creating expectations that can't be met with existing resources or processes
- Ineffective communication between different departments and divisions
- Processes and policies that don't consider the unexpected
- Attempting to pacify customers in the short term without considering the ability to follow through
- Not taking into consideration the implicit expectations of customers. Often there are implicit expectations held by customers and other employees – accuracy, the meaning of "soon," appropriate attitude, past precedent, etc.

4. Remarkable Recovery

Fixing errors or handling complaints ... quickly and effectively dramatically impacts business

Fixing errors or handling complaints – especially those coming from external customers – quickly and effectively dramatically impacts business. Remarkable recoveries are done with a sense of urgency, speed, a positive attitude and a clear apology for the inconvenience. When a recovery is handled poorly, or without concern, effort, and urgency, the customers or person on the receiving end has two problems: the original problem and, now, the poor recovery – which by then they are most likely taking personally.

Superior managers, staff and companies understand that customer experience is comprised of all four principles being applied at the same time all the time. This customer-centric focus is the foundation of business acumen.

Conclusion

There are two fundamental competencies that every successful supervisor or manager must acquire: 1) People skills – the ability to develop, inspire, and influence direct reports (discussed in article 1 and to be discussed further in this 12-article series) and 2) Business acumen – acquiring a basic understanding of how the organization makes money. Business acumen requires an understanding that customers who receive exceptional value for their money will return – the key to a company surviving and thriving. That, in fact, the customer is the reason for the business.

In the next article (article 3 of our 12-article series), the four basic performance management principles that routinely come into play throughout the career of a supervisor or manager will be discussed. If effectively executed, these four performance management principles can dramatically increase a manager/supervisor's ability to earn discretionary effort from their direct reports.

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About the Supervisory Basics Series

The Supervisory Basics Series is based on extensive analysis of the competencies required of transitioning individual contributors and seasoned, but untrained, supervisors. This series provides the knowledge, tools, and skills to immediately establish a leadership role and helps participants understand how to avoid the typical traps of new supervisors and managers.

The Supervisory Basics Series helps managers understand the management behaviors and tactics required to ensure their own and their company's success. The result is managers establishing themselves in a legitimate position of power, inspiring superior performance and promoting open, effective communication. Supervisory Basics also helps beginning managers avoid common new manager traps – lack of clarity in expectations, ineffective communications, not establishing personal power, and failing to move from "doer" to leader. Such negative behaviors lead to absenteeism, low morale, lost productivity and customer loyalty, as well as increased attrition.

The series consists of 12 individual yet linked two-hour modules, delivered in leader-led or eLearning formats. Companies can choose flexible implementation, including an integrated 3-day series, stand-alone sessions, mix and match, and external facilitator or train-the-trainer options. Participants will learn to build credibility, establish legitimate position power, earn personal power, "manage up," understand legal basics and conduct purposeful workplace discussions. Download the brochure.

About Impact Achievement Group

Impact Achievement Group is a training and performance management consulting company that provides assessments, coaching, story-based interactive workshops, and simulations for managers at all levels of organizations worldwide. Impact Achievement Group helps companies dramatically improve management and leadership competency for bottom-line results. Company experts Rick Tate and Julie White, Ph.D. are internationally recognized authorities in leadership development, human performance, customer-focused business strategies and workplace communications. Visit the website.