

Eliminating the need for customer service

"The Best Service Is No Service," by Bill Price and David Jaffe, discusses how to improve operations to reduce customer complaints and questions.

By Alan Mitchell, Financial Times
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When was the last time you woke up one morning wanting to contact your mobile phone or utility provider? Probably never, and that is how it should be.

The premise behind this admirably straightforward book is disarmingly simple. We usually seek service from a company when something has gone wrong: The product doesn't work, it wasn't delivered on time, the bill is wrong.

If companies can get those things right in the first place, most customers neither want nor need so-called customer service. Hence the title: "The Best Service Is No Service."

Achieving "no service" status unleashes a hugely positive win-win. Customers don't have to invest time and hassle trying to sort out problems. The company does not have to invest resources dealing with inquiries. This means less cost for both, greater value for both.

The authors -- Bill Price, a former vice president of global customer services at Amazon.com Inc., and David Jaffe, a consultant -- devote the rest of the book to showing how to make it happen, and they do so in a refreshingly no-nonsense, practical manner.

Once we accept the premise that, generally speaking, the size of a company's customer service operations is in inverse proportion to the quality of its underlying operations, the way forward is obvious. Root out those underlying defects and improve operational quality so that, one by one, customers' needs for particular areas of service melt away.

That is why, for example, Amazon obsesses about a metric that most companies do not ever use: contacts per customer order (CPO). By working out why customers contact it and then eliminating the need for this contact to happen, Amazon has reduced its CPO by 90% over the last five years.

According to the authors' research, customer contacts have four broad causes. About 1 in 7 is triggered by basic quality defects: "It doesn't work."

These must be addressed by underlying quality improvements. About a quarter take the form of "How do I?" questions. Here, the company has failed to communicate properly or its processes are confusing to customers, so it must identify and deal with these defects.

About 40% of customer contacts are "Where can I get?" queries. Customers should be able to answer most such questions for themselves via a website or other self-service option that is easy to use.

The final 20% of contacts are from customers wanting to buy stuff. The more the first 80% can be reduced, the more resources the company can invest in helping customers when they really do need service.

If there is one drawback to the book it is that the authors do their best to make tackling these issues sound simple, but what comes across is how hard and complex a slog it is.

Their advice involves experiencing every step of the company's processes from the customer's point of view, identifying and tackling each and every quality defect at its source, designing each touch point to make using it as easy as possible and integrating all the touch points so that customers can move effortlessly between them.

Then there comes recasting metrics, rewards and incentives away from "efficiency" -- so that employees support all the above and manage to solve customer problems -- and gathering all the information needed to drive these changes.

In each area, the devil is in the details.

Take information gathering: Most companies collect data about general categories such as "late delivery," but at this level, the data are close to useless.

We need to know why the delivery was late. Was the item out of stock? Delayed in the warehouse? Was there a problem with the shipper? Or unrealistic customer expectations? Responsibility for solving each of these problems lies with a different part of the company.

The next hurdle is getting the perpetrator of the problem to own up and do something about it.

Here, the authors warn, you will meet all manner of resistance: denial, anger, stonewalling: "It's not in our budget" or "We haven't got time to deal with this." The "secret sauce" here, they suggest, is to charge those responsible (including third-party organizations) for the full cost of the customer contacts they cause. This final step brings most of the dividends -- when those responsible get hit in the pocket, "they pay more attention to customer issues."

Blindingly obvious, when you come to think of it, but still very difficult to do. Which is, presumably, why so many companies are still so bad at customer service.

Alan Mitchell is a contributor to the Financial Times of London, in which this review first appeared.