

9

Expanding Customer Relationships

LEARNING OBJECTIVES

After completing this chapter, you should be able to:

- 9-1 Explain how to follow up to assess customer satisfaction.
- 9-2 Explain how to harness technology to enhance follow-up and buyer-seller relationships.
- 9-3 Discuss how to take action to ensure customer satisfaction.
- 9-4 Discuss how to expand collaborative involvement.
- 9-5 Explain how to add value and enhance mutual opportunities.

After finishing this chapter go to
PAGE 213 for STUDY TOOLS.

“Building customer relationships requires time, effort, and sincerity.” This is the philosophy espoused by Sysco and executed by its more than 8,500-member salesforce. With relationships with over 400,000 customers in the United States, Canada, and Ireland, Sysco is the world’s largest food distributor. To help its salespeople build closer customer relationships, Sysco implemented a customer relationship management solution provided by Salesforce. “With Salesforce we have a level of visibility to customers that we never had before,” says Wayne Shurts, CTO. “And we’re able to collaborate to help them much more effectively, which is key for our continued growth.”

At Sysco, salespeople spend more than 90 percent of their time on the road helping restaurants, hospitals, universities, nursing homes, schools, and companies to manage their commercial dining. Using Salesforce,

Sysco reps are able to access customer information from their personal mobile devices, facilitating the discovery of cross-sell and up-sell opportunities which further strengthen customer relationships. Composed of



70 operating companies, the ability to easily access and share relevant information across these entities is critical. "For the first time we can do team selling, and work together across geographies," says Shurts. "Salesforce is helping our entire business grow. In Houston alone, we're up 14 percent year over year."

Salespeople at Sysco also use social networks such as Facebook, LinkedIn, and Twitter to engage customers. Using Salesforce's Marketing Cloud, salespeople not only communicate one-on-one with customers, but listen to conversations to learn what customers think about its brand. "We can hear what customers say about us, and about our competitors," explains Shurts. "And if we hear about an issue, we can address it right away."

Sysco plans to develop apps what will allow its salespeople to perform more value added selling while

visiting customers. A menu analysis app, for instance, will enable salespeople to utilize iPads to help customers discover new ingredients to generate improved products and margins, or learn how to optimize menu placement for high margin items. Such initiatives are undertaken to further assist salespeople in expanding customer relationships.¹

In traditional selling, salespeople too often thought that their job was over when they closed the sale. Once the order was obtained, they moved on to the next prospect. Any follow-up or customer service was minimal. The lifeline of an organization today is repeat business. It is important to acquire new customers, but it is critical to keep your existing customer base happy. In research involving 80,000 business customers, the number-one characteristic found to define a world-class salesperson is someone who personally manages the customer's

Exhibit 9.1

Relationship Enhancers and Detractors

Enhancers	Detractors
Focus on long term	Focus on short term
Deliver more than salesperson promises	Overpromise—underdeliver
Call regularly	Call sporadically
Add value	Show up only for another order
Keep communication lines open	Be unavailable to the customer
Take responsibility for problems	Lie, exaggerate, or blame someone else

satisfaction by being accountable for the customer's desired results.² Not following up with a new customer is a shortsighted attitude toward selling, for it fails to consider the importance of developing and maintaining a customer for your company.

Research indicates that successfully retaining customers is critical for all companies' success. Salespeople's post-sale service behaviors are positively related to relationship quality and share of customer business.³ Relationship marketing efforts can lead to longer term, broader, and deeper customer relationships, which results in increases in sales, profits, and positive word of mouth.⁴ Companies that invest three percent or more of their revenue in customer experience have greater referral rates, superior customer satisfaction scores, and better retention rates than those who invest less in customer experience.⁵ Yet it takes only a slight decline in attention from a salesperson to lead a buyer to consider alternative suppliers.⁶ Given that it is generally more expensive to acquire a new customer than to sustain a current one, salespeople should take actions to develop strong customer relationships.

building goodwill

The process of converting new customers into lifetime customers by continually adding value to the product.

adding value The process of improving a product or service for the customer.

There are several ways that a salesperson can convert new customers into highly committed lifetime customers. Examples include (1) **building goodwill** by continually **adding value** to the product or

service through appropriate follow-up, (2) handling complaints in a timely and thoughtful manner, and (3) processing requests for rush deliveries willingly and assuring the customer that the salesperson will do everything possible to make that request happen. However, it is just as easy for a salesperson to alienate a new customer by putting the focus on the short-term order and not the long-term activities that create a partnership. This can be done by overpromising and underdelivering, using exaggeration to get an order, and blaming everyone else for problems. Exhibit 9.1 reviews relationship enhancers and detractors that can strengthen or destroy a relationship. To see what leading sales professionals believe it takes to make relationships work, see Exhibit 9.2.⁷

Relationship-oriented salespeople, such as those at Wausau Paper illustrated in the opening vignette, are creating bonds with their customers that will partially isolate them from competitive pressures or at least minimize the importance of easily altered and matched competitive variables such as price. This chapter explains the importance of follow-up to assess customer satisfaction. Next, harnessing technology to enhance follow-up and buyer-seller relationships is covered. This is followed by a discussion of why it is the salesperson's job to take action (i.e., be proactive) before problems arise and not wait for complaints (i.e., be reactive) to ensure customer satisfaction. We then discuss the importance of collaborative involvement and working to add value for the buyer. Finally, we review the value of customer service.

Exhibit 9.2

What Makes Customer Relationships Work?

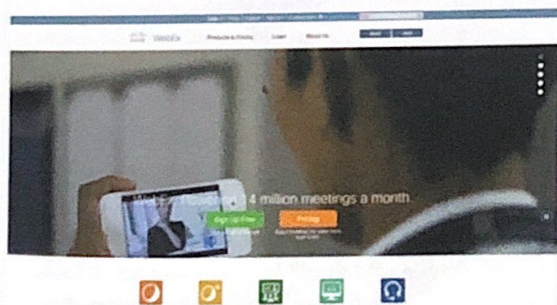
Gerhard Gschwandtner, publisher of *Selling Power*, summarizes the thoughts shared with him by 18 leading sales contributors regarding how customer relationships are formed and nurtured, and what leads to the creation of customer value:

1. Good salespeople bring positive energy to a relationship.
2. Trust hinges on the willingness to deliver on promises. Once trust is lost, relationships cannot survive.
3. A relationship's value depends on the customer's perception of value, not on the salesperson's perception of value.
4. To the customer, the top value drivers are integrity, authenticity, and consistency.
5. Effective relationship builders are willing to listen to better understand customer challenges. They ask questions that lead to consultative conversations, which open doors to greater opportunities.
6. The salesperson's courage to resolve the difficult situations customers face enhances relationships.
7. Relationships are enhanced by the salesperson's ability to communicate in compelling and creative ways.
8. Relationships demand a long-term investment.
9. There is a difference between a transaction and a relationship. Transactions create one-time value; relationships create long-term value and a stable business foundation.
10. Relationships grow through differentiation and the willingness to contribute beyond what is expected.
11. Good salespeople use smart social-media strategies to enhance customer relationships. They make it their business to stay connected to customers through Twitter, Facebook, and LinkedIn.

9-1

ASSESS CUSTOMER SATISFACTION

Keeping customers satisfied is important, as it leads to customer trust and, ultimately, share of customer. Research shows that customer satisfaction is in part affected by salespeople's reliability and responsiveness as demonstrated by returning phone calls promptly, fulfilling commitments, satisfying customer requests, and being



Salespeople today utilize several technologies to stay in touch with customers.

readily available. Furthermore, salespeople who regularly, clearly, and concisely communicate product information to customers can enhance their satisfaction.⁸ Such research points to the need to be diligent in following up and properly communicating with customers in order to build, maintain, and enhance customer relationships.

Unfortunately, many companies do a poor job understanding and satisfying their customers. Results from an annual study of customer experience and customer relationship management professionals conducted by the Strativity Group, Inc., show that most global companies (81%) are not completely dedicated to executing customer experience strategies. As a result, greater attrition rates are three times more likely for these companies, as opposed to fully committed companies, who are five times as likely to have greater referral rates.⁹

John Haack, senior vice-president of marketing and sales for Saint-Gobain Containers (a glass container manufacturer), knows the importance of enhancing customer relationships as opposed to focusing solely on current sales. With customers such as Anheuser-Busch, Quaker Oats, and Kraft, Haack says, "Making the sale is only the beginning. After that, you have to keep track of the process every step of the way. You have to make sure

the product gets delivered on time and that everyone involved with the customer knows their customer's expectations." Haack continues, "Anybody can move product. I can go out and sell a ton of something, but if it is not right for that particular customer, it is just going to end up back on my doorstep as a major problem."¹⁰

Clearly, professional salespeople such as John Haack view their customer base as far too valuable an asset to risk losing it through neglect. In maintaining and enhancing customer relationships, salespeople are involved in performing routine post-sale follow-up activities and in enhancing the relationship as it evolves by anticipating and adapting to changes in the customer's situation, competitive forces, and other changes in the market environment. Darrell Beaty of Ontario Systems (a collections software company) states, "We spend too much time and effort learning about our prospects to not follow through and assess satisfaction." Figure 9.1¹¹ demonstrates the time and commitment Beaty puts in to earn an order from a prospect. Beaty states, "We cannot be afraid to ask a customer, 'How are we doing?'" This practice should go on monthly, quarterly, and yearly. Sometimes, the salesperson will not like the answers that he or she gets from the customers. New customers generally feel special because they have received a lot of attention. Long-term customers may feel neglected because the salesperson has many new customers and cannot be as attentive as he or she was previously. Routine follow-up

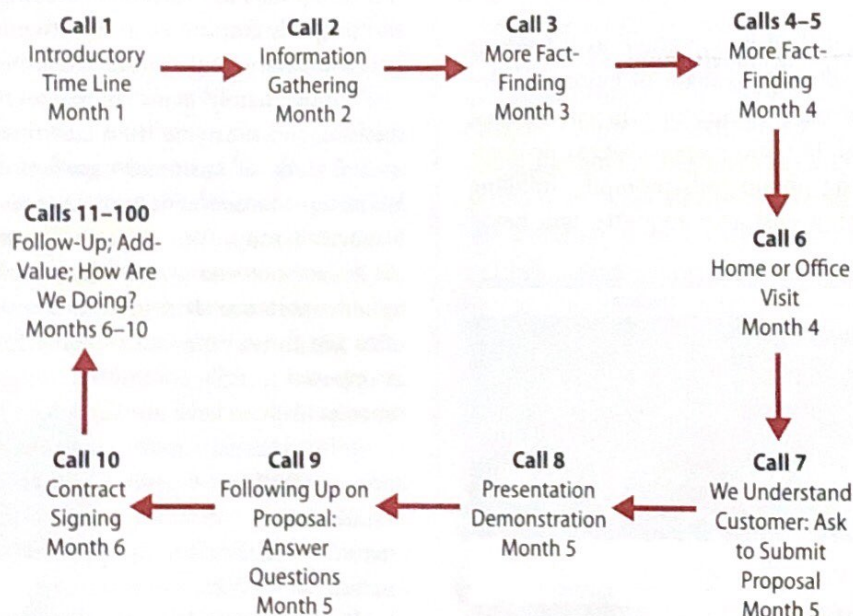
questions, such as "How are we doing?," can go a long way in letting a customer know that the salesperson cares and is willing to make sure that the customer is satisfied. In addition to salespeople asking their customers about their level of satisfaction, suppliers can use a number of means for gathering customer satisfaction information, such as observation, online (or written) surveys, focus groups, customer service feedback, social media, online communities and groups, email, and Web forms. "Selling in Action: Using Customer Satisfaction Surveys to Strengthen Customer Service" describes how one company uses customer satisfaction surveys to listen to customers.¹²

9-2

HARNESS TECHNOLOGY TO ENHANCE FOLLOW-UP AND BUYER-SELLER RELATIONSHIPS

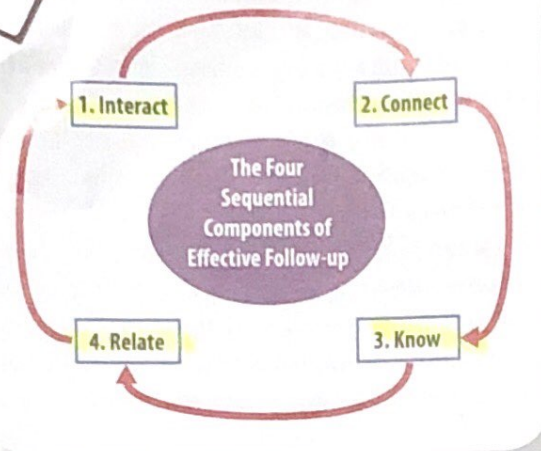
Building buyer-seller relationships is easier said than done. Developing and nurturing customer relationships demands that salespeople do more than simply discover the buyer's needs and respond to them with a sales offering that resolves those needs. Relationships

FIG. 9.1 ONTARIO SYSTEMS CALL STRATEGY



It takes many calls to earn commitment from a prospect. It can take months and even years to establish the trust needed to earn an order.

THE FOUR SEQUENTIAL COMPONENTS OF EFFECTIVE FOLLOW-UP



Effective salesperson follow-up should include specific components designed to interact, connect, know, and relate with his or her customers.

to better track the increasingly complex combination of buyer-seller interactions and to manage the exchange, interpretation, and storage of diverse types of information. Among the more popular salesforce automation tools are the many competing versions of PC and Internet-based customer relationship management software applications designed to record and manage customer contact information. PC-based software applications such as Maximizer, Goldmine, and ACT! and Internet-based applications such as Netsuite and Salesforce enable salespeople to collect, file, and access comprehensive databases detailing information about individual buyers and buying organizations.

intranet An organization's dedicated and proprietary computer network offering password-controlled access to people within and outside the organization (e.g., customers and suppliers).

extranet Proprietary computer networks created by an organization for use by the organization's customers or suppliers and linked to the organization's internal systems, informational databases, and intranet.

customer relationship management (CRM) system A system that dynamically links buyers and sellers into a rich communication network to establish and reinforce long-term, profitable relationships.

In addition to providing explicit details about customers and the multiple individuals influencing purchasing decisions within any given account, these databases also provide an archive of the interactions and purchasing decisions taking place over time. Salespeople using these systems have found them to be invaluable in helping them track and improve service to their accounts, ensuring and enhancing customer satisfaction. By understanding

every transaction and buyer-seller interaction, salespeople can be more effective in communicating with each customer throughout the lifetime of the account.

The advent of the Internet has allowed these customer contact management tools to be used in multi-organization intranets and extranets. An **intranet** is an organization's dedicated and proprietary computer network offering password-controlled access to people within and outside the organization (e.g., customers and suppliers). **Extranets** are proprietary computer networks created by an organization for use by the organization's customers or suppliers and linked to the organization's internal systems, informational databases, and intranet.

Relationships are formed over time through multiple buyer-seller interactions in which the seller wins the trust of the buyer.

Internet-activated and integrated with an organization's intranet and extranets, customer contact systems are transposed to full **customer relationship management (CRM) systems**. These systems dynamically link buyers and sellers into a rich communication network. Salespeople and buyers have immediate, 24/7 access to one another and one another's organizations. Problems can be resolved online, routine ordering procedures can be automated, and information such as product brochures and spec sheets, inventory availability, price lists, and order status can be exchanged. Salespeople can use the Web to view everything that is relevant to any account. This can include information in the organization's databases (e.g., purchasing history, credit rating) as well as pertinent information such as news stories, stock prices, and research reports from sources outside the organization (e.g., Hoovers, Standard & Poor's, etc.).

CRM systems enable salespeople to build and integrate multiple forms of customer information and create highly influential customer interactions that establish and reinforce long-term, profitable relationships. The benefits to salespeople learning to use these advanced, integrated systems effectively are self-evident. Every time a salesperson and buyer interact in a positive manner, the corresponding relationship is enriched. This enrichment translates to improved service levels, increased customer satisfaction, and enhanced revenues from loyal customers. For example, after a series of mergers

and acquisitions. Honeywell Aerospace found customers telling them that it was difficult to do business with them. Two different Honeywell sales reps, for instance, might call on the same customer in the same day. After implementing a CRM system, customer satisfaction with Honeywell improved 38 percent, its on-time service request closure rate improved from 45 to 83 percent, and its sales opportunity rate improved. Moreover, Honeywell credits the CRM system with a 100 percent annual revenue improvement from \$45 to \$100 million in the sales of its after-market spare parts.¹⁵ CRM professionals have begun syncing CRM systems with social media such as Facebook, LinkedIn, and Twitter through applications such as Faceconnector, which allow users to pull personal information into their CRM account so that they can keep up-to-date with customers' needs and concerns. CRM provider Salesforce, for instance, offers salespeople a means for listening and responding to customers across a range of social platforms, including Facebook, Twitter and other social networks. Business outsourcing solutions provider ADP, for example, credits Salesforce for helping it to gain customer intelligence and maintain customer connections through its ability to monitor and participate in brand conversations, as well as identify pressing customer service issues.¹⁶

9-3

ENSURE CUSTOMER SATISFACTION

Exhibit 9.3 illustrates the partnership-enhancement activities and the salesperson's responsibility that goes along with them. Specific relationship-enhancement activities vary substantially from company to company but are critical to the success of building long-term relationships. Key activities include:

- Remembering the customer after the sale
- Expediting orders and monitoring installation
- Training customer personnel
- Correcting billing errors
- Resolving complaints

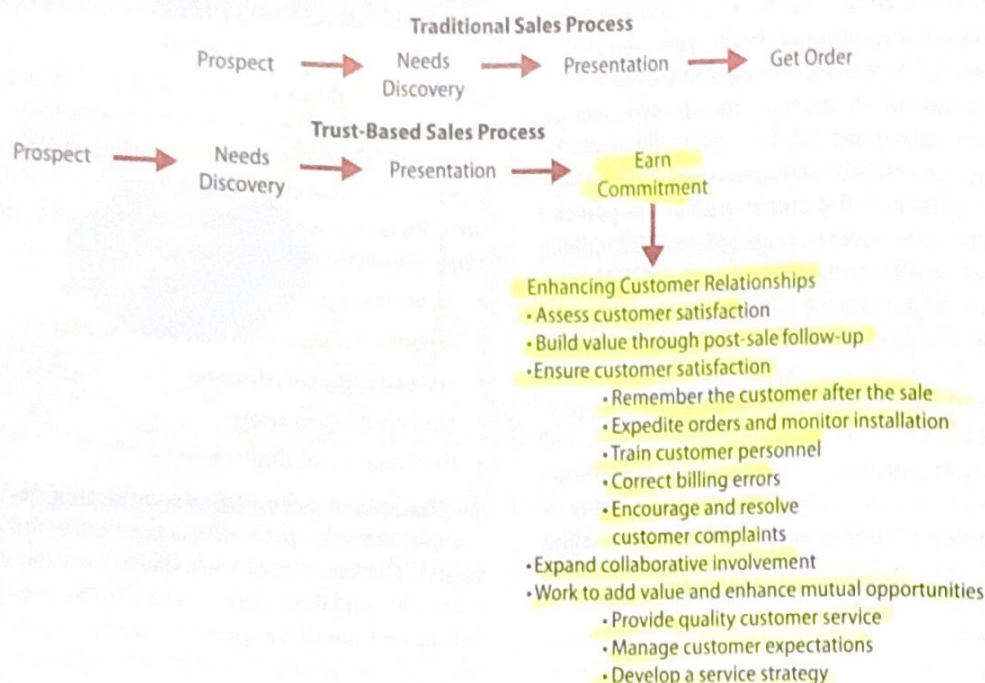
Traditional selling focuses on getting the order. In a sense, the sales process was over once the order was signed. The salesperson's job was to focus on getting the next order, and it was left to others in the organization to deliver and install the product. However, the relational sales process shown in Figure 9.3 indicates that many activities must take place after the sale, and it is the salesperson's responsibility to oversee and participate in

Exhibit 9.3

Relationship-Enhancement Activities

Partnership-Enhancement Activities	Salesperson Responsibility
Provide useful information	• Relevant • Timely • High quality
Expedite orders/monitor installation	• Track orders • Inform on delays • Help with installation
Train customer personnel	• Train even when contract does not call for it
Correct billing errors	• Go over all orders • Correct problem before customer recognizes it
Remember the customer after the sale	• Set up a regular call schedule • Let customer know you will be back
Resolve complaints	• Preferably prevent the need to complain • Ask customer how he or she wants complaint resolved

FIG. 9.3 TRADITIONAL VERSUS RELATIONAL SALES PROCESS



Traditional selling focuses on getting the order. The relational sales process indicates that many activities must take place after the sale.

all of the follow-up activities. By being actively involved during this stage, the salesperson increases the odds that a long-term relationship will develop. Exhibit 9.4 discusses how salespeople can provide follow-up activities to increase customer satisfaction and build long-term customer relationships.

9-3a Remember the Customer After the Sale

Customer follow-up methods should be used to develop the relationship after the sale and to express appreciation for the purchase. Many buyers feel neglected once they place an order with a company. They were given a lot of attention before they placed the order, but after the order had been placed, the salesperson disappeared. Customers consistently cite poor service, neglect, and lack of follow-up as the primary reasons they stopped buying. At one branch office of Wallace Computer Services, there is a saying that hangs above the door that states "Remember the Customer between Calls." This is certainly a meaningful slogan given research showing that greater interaction between the salesperson and the customer after the sale, particularly in-person or via telephone, results in a more satisfied

and loyal customer who awards a larger percentage of their business to the seller.¹⁷

Once an economic relationship is established, the salesperson must continue to maintain open, two-way communication with the buyer and continually provide timely, relevant, high-quality information to his or her customers and be available to satisfy any additional needs or problems. The job of educating and satisfying the buyer never stops, and salespeople are responsible for updating customers and pointing out additional opportunities that will benefit them. Collaborative discussion becomes the most effective tool when dealing with customers and their problems.

Providing information that will help customers solve their problems is a must. By providing useful information, the salesperson demonstrates a commitment to the buyer. The salesperson is expressing the notion that he or she is in the relationship for the long term and that he or she values the partnership. The salesperson should remember to provide information not only to the buyer but also to the secretaries, receptionists, administrative assistants, department heads, and other influential members of the buyer's organization. If the customer believes the salesperson is

Building Relationships Through Follow-Up

Joseph (Joe) Sparacino, senior vice-president and national sales manager for Omega Performance, who is responsible for leading his teams in sales, consulting, and service activities for client relationships across the United States, discusses activities involved in providing exquisite customer service after the sale. According to Joe, long-term relationship building can be enhanced after the sale by:

- Foreseeing and planning post-sale customer needs prior to completing a sale.
- Developing a post-sale long-term vision and strategy for ensuring customer satisfaction.
- Making certain that customers are delighted with their purchase decision and think in terms of "Look what I bought" rather than "Look what they sold me."
- Planning and executing periodic post-sale follow-up contacts with customers to assess their level of satisfaction.
- Touching base with customers on issues or concerns discussed at the point of the initial sale.
- Recalling and recognizing customer milestones.
- Regularly evaluating the products and/or services customers use, and recommending new or upgraded products and/or services that better meet their needs.

Source: http://blog.omega-performance.com/sites/default/files/BeyondSelling eBook_1110.pdf accessed on 5/9/12.

sincere, listens carefully, and responds accordingly to his or her concerns, then an already-trusting relationship will become stronger.

Several post-sale follow-up methods can be used to provide helpful information. First, however, salespeople should try to determine the customer's preferred method of receiving this information and provide it in that manner if possible. Perhaps one of the best ways to provide useful information is by a personal visit. After the sale is made, it is critical to follow up personally and make sure that the customer is completely satisfied with all the promises that have been made (e.g., delivery, installation done properly, courteous installers). This is the only strategy that provides face-to-face communication and thus affords the salesperson the opportunity to read the customer's body language. When a salesperson takes the time to make a well-planned personal follow-up visit, he or she indicates to the prospect that he or she really cares. A good salesperson will use the follow-up call to keep the customer informed of new developments in the industry, new products, or new applications. Providing this information may bring about future sales. When a salesperson makes a follow-up call, he or she should always have an objective for the sales call. The salesperson should avoid long gossip sessions or chitchat. It is the salesperson's job to add value, not waste the customer's time. While the personal visit can be a very engaging method, perhaps its biggest weakness is that it can be time consuming.

A quick and efficient option for providing useful information after a sale is by using the telephone. The cell phone has provided salespeople with an opportunity to stay in touch with customers while on the road. A salesperson can easily make 7 to 10 phone calls per hour, and the cost is minimal. The telephone has the advantage of a two-way exchange of information and provides a mechanism for immediate feedback, although it, as well as other non-face-to-face methods of communication, does not provide the opportunity to read the customer's body language. The phone can be used to verify delivery, inform the customer of any changes (e.g., price, delivery schedule), check for problems in general, and provide new product, service, and industry insight.

E-mail and social media provide an efficient and cost-effective way to continuously keep in touch with customers. When getting pertinent company and buyer information, the salesperson should also get e-mail addresses. Salespeople are able to include not only text, but also sound and video to e-mail messages they send to customers. Social networking sites such as LinkedIn and Facebook allow salespeople to keep in touch with customers by posting updates, information, and feature reviews. These tools, along with Twitter, allow salespeople to have brief interactions with customers between calls to provide information, address customer concerns, and simply get to know customers on a more personal basis. Moreover, information gleaned from

From the Classroom to the Field

Earning Customer Trust Through Listening, Flexibility and Follow-Through

Julie Ohlms graduated from the University of Central Missouri in May 2009 and is an Outside Sales Representative for Meglio & Associates, a manufacturer's rep firm for the electrical industry. Julie discusses how what she learned in her sales classes helps her earn customer trust and build lasting relationships.

The foundation of the selling techniques I learned in the classroom is based on the extension of the Golden Rule, the adage to treat others as you want to be treated. It is paramount to remember to treat customers as people. More importantly, customers want to trust that their salesperson will provide solutions that will improve their business. Often, experienced salespeople believe that they have already mastered the fundamentals of selling. In truth, however, the skills they take for granted need to be constantly honed to keep customers engaged and to build trusting relationships.

As I learned in the classroom, good listening skills are critical in personal selling. Salespeople are often excited with the opportunity to show new products or talk about ways we can save our customer money. However, it is equally important to take the time to listen to the customer and understand their needs. Every sales call should focus on a dialogue between both parties. Just think about how you enjoy a good

conversation with a friend, rather than a lecture from a parent!

Another fundamental skill of selling is flexibility. It is not uncommon for a customer to be responsible for more than one aspect of their business. The salesperson should appreciate the opportunity to meet with the customer and must respect the time allotted by the customer. Having participated in sales competitions in college, I learned to adapt to time constraints and to present information in a clear and concise manner. Using these skills allows customers to grasp and retain the main benefits of your product before they need to move on to their next task.

But I believe one of the most important skills of today's salesperson is following through, another important facet of personal selling I learned in college. People are busier than ever, and it is the salesperson's job to reach out to the customer for feedback after the call. For me, taking the extra step to send a "thank you" e-mail or making a quick follow-up phone call has proven to be successful in setting me apart from my competitors. If I neglect to reach out to my customer, I am just like any other salesperson who walks through the door. But by making a concerted effort to follow through, I have gained the trust and respect of my customers.

9-3b Expedite Orders and Monitor Installation

Generally, salespeople will set estimates on product delivery times. The salesperson must work to prevent a delay in delivery. The salesperson's job is to track the order status and inform the customers when there are delays. It is unpleasant to inform a buyer of a delay, but the information enables buyers to work around the inconvenience and plan accordingly. Waiting until the delivery date to announce a delay is inconsiderate and hurts the trust built between the salesperson and the buyer.

Many problems with shipping and the delivery of an order are out of the salesperson's control. However, today's sophisticated tracking systems allow salespeople to track orders and find out what is causing the delay. The salesperson must keep the customer up-to-date on the delivery status and any possible delays.

Monitoring order processing and after-sale activities is critical to enhancing the relationship with a customer. Customers often have done a poor job of forecasting, run short of product, and may expect their salesperson to bring their emergency to a happy conclusion. Although it is not always possible to speed up orders, the salesperson should investigate and attempt to do everything possible to help the customers. If the buyer sees concern on the salesperson's part and knows that the salesperson is attempting to help the buyer, then the relationship will be strengthened, even if the order cannot be pushed through as quickly as the buyer had hoped.

Depending on the industry, salespeople generally do not help with installation. Nevertheless, some salespeople believe that it is in their best interest to supervise the installation process and to be available when customers have questions. Typically, installers do not have the same relationship with the customer and may not have the type of personality to deal with difficult situations. The salesperson can act as a buffer between the installation team and the customers.

9-3c Training Customer Personnel

Companies are always looking for ways to gain a competitive advantage. Once the order is placed, traditional salespeople are happy to get their commission or bonus and move on to their next conquest. Relationship managers understand the real work begins once the order is signed. Training customer personnel may or may not be included in the price terms of the agreement. Salespeople may use this to gain the competitive edge they need. For example, instead of only training one person as stated in the sales terms, the salesperson gladly trains three people for the same price. Or, perhaps there is no



Successfully training customers is a vital part in the selling process.

mention of training in the price terms, but the salesperson takes it upon him/herself to provide the necessary training. Adding value should always be a priority with any salesperson.

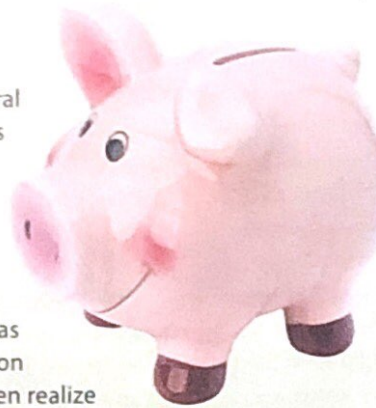
When the product is technical, customer training might require the assistance of the company trainer or engineer. The salesperson still has a key role, as he or she knows the customer best, and should serve as the facilitator to ensure that all of the parties have been properly introduced and start off in a positive manner. The salesperson should schedule the training sessions as conveniently as possible for the customer. Customer education is an integral part of the marketing strategy of Ontario Systems Corporation, a collections software company. What separates Ontario from its competitors is its ability to provide timely training and education for all its customers. Ontario knows service after the sale is crucial, which is why it provides a toll-free telephone number for 24-hour service. Each year, Ontario strengthens its relationship with customers by providing one week of training, seminars, and goodwill at its home office. Ontario understands the importance of the team approach to providing outstanding customer service.

9-3d Correct Billing Errors

Billing errors could turn into customer complaints if not found and corrected quickly. A salesperson should go over all orders and billing records to ensure proper billing has been sent to the customer. A customer will know the salesperson has his or her best interests in mind if the salesperson corrects problems without being prompted by the customer. As seen in "An Ethical Dilemma," a billing error can result in an ethical dilemma.

An Ethical Dilemma

Evan Celler is a sales representative for a manufacturer of windshield wipers that calls on automotive supply shops and various retail outlets. In reviewing an invoice scheduled to be submitted to one of his newest customers, he noticed a pricing error. The price should have included a quantity discount. Evan recalls mentioning the opportunity for earning quantity discounts to this customer when taking the customer's first order several months ago, but recalls not much was made of it since at that time this customer had no intent to place a large order. If Evan were to obtain this higher price, he would realize a significantly larger commission on this order. Given that this customer was relatively new, there was some question as to whether the customer would even realize



Nattika/Shutterstock.com

he was not receiving a quantity discount. If you were Evan, what would you do?

- a) Contact my billing department and have them correct the invoice prior to sending it.
- b) Keep quiet, but if the customer questions the price, then inform the customer that billing made an error and that I will have them send out an invoice that includes the quantity discount.
- c) Take my increased commission and treat myself to a nice dinner out since I deserve it; if the customer questions the price, tell the customer that quantity discounts only take effect after a customer has been buying from our company for at least nine months, so they will be eligible for a quantity discount very soon.

9-3e Resolve Complaints and Encourage Critical Encounters

Complaints will never be completely eliminated by any company. Nevertheless, it is every company's hope that it can reduce the frequency of complaints. Complaints typically arise because the product did not live up to the buyer's expectations. Research shows that companies that systematically monitor, track, and address service failures, instances in which buyer expectations are not met, are rewarded with more satisfied customers and greater customer retention.¹⁵

Complaints will never be completely eliminated by any company, but they must be addressed and resolved.

Buyers complain for any number of reasons: (1) late delivery, (2) wrong order sent (e.g., too many, too few), (3) product performs poorly, or (4) nobody at the salesperson's company takes the buyer's problems seriously. (See Exhibit 9.5 for a more comprehensive list of complaints.) Many times, the complaint is not the fault of the salesperson (e.g., late delivery, wrong order, product performs poorly). However, this is not a concern to buyers, as they expect the salesperson to resolve it. Traditional salespeople have been known to pass the blame when complaints arise. A salesperson would be better off tackling the complaint by accepting responsibility and promptly fixing the problem. Salespeople get into trouble by overpromising what their product can do, being overly optimistic about delivery dates, and not being attentive to their customers when they do complain. Many complaints can be avoided by giving customers a reasonable expectation of what a company's product or service can do for them.

If periodic meetings take place between the buyer and the seller after the sale, then in all probability, most of the important issues are being discussed. Salespeople

Exhibit 9.5

Typical Customer Complaints

1. Late delivery
2. Damaged merchandise
3. Invoice errors
4. Out of stock—back orders
5. Shipped incorrect product
6. Shipped incorrect order size
7. Service department unresponsive
8. Product does not live up to expectations
9. Customer not informed of new developments
10. Customer's problems not taken seriously
11. Improper installation
12. Need more training
13. Price increase—no notice
14. Cannot find the salesperson when needed
15. Unreturned phone calls

must ask their buyers to be candid with them and encourage the buyer to discuss tough issues (i.e., late deliveries, damaged products), especially in areas where the salesperson's organization is providing less-than-satisfactory performance. Some buyers will not complain because they feel it will not do any good. Others will not complain because they feel that the salesperson should be in tune with their problems or concerns and recognize these problems on his or her own. If a salesperson encourages **critical encounters** and acts accordingly to diffuse a situation in which the buyer's expectations have not been met, then this will help with subsequent critical encounters. If the salesperson does not act on these issues, then future meetings with the buyer will not uncover problem areas because the buyer is convinced nothing will be done to solve them.

Some salespeople tell the customer what he or she wants to hear to get the order and cannot deliver on promises made. For instance, salespeople promising a delivery date they know has little chance of being met. Complaints can be avoided, in part, by being truthful when presenting a product's capabilities. Providing sales support can eliminate problems with late deliveries, order errors, and the feeling that the salesperson does not care about the customer's complaints. The following section outlines how to handle customer complaints.

9-3f A Procedure to Handle Complaints

Salespeople must have an open communication line with customers and encourage feedback, either positive or negative. Some research indicates that as many as 25 percent of business customers who encounter a problem will not complain.¹⁹ Thus, salespeople must build relationships to the point where buyers will not hesitate to speak their minds if they are unhappy with the service. If the customer does not complain, then the salesperson does not know what needs to be fixed.

When a customer does complain, the complaint should be handled quickly and with great sensitivity. One study indicates that if a company fails to deal with customers and prospects who complain, those customers will tell on average up to 10 people about their bad experience and, with e-mail and the Internet, this may turn into thousands.²⁰ Another study showed that when customer complaints are addressed, these customers are 30 percent more loyal than those who do not complain and 50 percent more loyal than a dissatisfied complainant—which indicates that the effort to make amends is worth it.²¹ Research in consumer services suggests that satisfactory handling of customer complaints is key to customer recommendations of a firm to others.²² A general procedure for handling customer complaints follows.

9-3g Build the Relationship to the Point That Your Customers Are Comfortable Complaining

Salespeople have been overheard saying to their customers, "Had I known that you were unhappy with our service, I could have fixed it." The buyer typically responds, "Well, I gave you plenty of signals. Why weren't you aware of the problems?" The buyer and salesperson must work together to develop a trust so that whenever an issue arises, either person feels comfortable speaking up. Open communication channels are a must for good customer service. Salespeople cannot be afraid to ask their customers, "How are we doing?" Some companies conduct 30-, 60-, and 90-day customer satisfaction follow-up visits after the sale. Beyond that, salespeople maintain quarterly follow-ups, even if only by phone. This at least tells customers that the salesperson is interested in them and wants to service their account well.

critical encounters Meetings in which the salesperson encourages the buyer to discuss tough issues, especially in areas where the salesperson's organization is providing less-than-satisfactory performance.

9-3h Listen Carefully and Get the Whole Story

The salesperson must listen carefully to what is being said and what is not being said. Good salespeople let the customer know that they are happy the complaint has been brought to their attention. Chances are that the customer will not complain again if he or she is made to feel uncomfortable with the initial complaint. The salesperson must be careful not to interrupt early in the discussion. The customer must be allowed to vent his or her frustration. Once the customer stops complaining, the salesperson may have to probe and ask follow-up questions to get the whole story. For instance, the buyer may not have told the salesperson to whom he or she talked to at the salesperson's company about the problem, and this information can be helpful to the salesperson in solving the complaint. This is a good time to show empathy. The salesperson must consider how he or she would feel if placed in the customer's position. The salesperson should apologize for any inconvenience and make the buyer aware that he or she is anxious to resolve the problem and keep the buyer as a satisfied customer.

9-3i Ask Customers How They Would Like Their Complaint Resolved

Many salespeople attempt to solve the complaint without understanding what the customer wants them to do. For example, a salesperson may reason that the last customer wanted a 20 percent discount to make things better. "Thus, I will offer this unhappy buyer the same thing." The salesperson may be surprised to find out the buyer wanted something totally different to resolve the problem. The salesperson cannot be afraid to ask the customer what it will take to make him or her happy. A salesperson could say something like, "Theresa, we value you and your company's business. I am sorry for the inconvenience we caused you. Can you please tell me what we can do to solve this problem and keep you as a satisfied customer?" Then, the salesperson must listen carefully. Perhaps the buyer simply wants an apology, a discount, or a substitute until the regular shipment arrives. Salespeople typically find that the customer is not demanding as much as they anticipated, considering the circumstances of the complaint. The solution should center on what the customer wants and not what the salesperson thinks is appropriate. When salespeople provide customers choice in the complaint resolution process, they are likely to increase customers' perceived control over the process and ultimately enhance customer satisfaction.²³

9-3j Gain Agreement on a Solution

Once the salesperson hears what the customer wants, they must agree on a solution. Sometimes the salesperson can do exactly what the customer asks. Other times, the customer might ask for an unrealistic solution. The salesperson's focus should always be on trying to do exactly what the customer wants, if possible. When that is not possible, the salesperson's message should concentrate on what he or she can do for the customer and then do it quickly.²⁴ The conversation might sound like, "Jim, I'm sorry for the inconvenience we caused you. Thanks for your suggestions on what we need to do to resolve the problem. Here are a couple of things we can do—which of these will work better for you?" The salesperson is telling the buyer that he or she cannot do exactly what the buyer asked, but is providing options for what can be done. Good salespeople always focus on the positive.

9-3k Take Action—Educate the Customer

Once an agreement is reached, the salesperson must take action and solve the customer complaint immediately. The communication lines must be kept open to the customer (e.g., letting him or her know when the repair people will be arriving). Monitor complaint resolution and keep the customer up-to-date on progress. This is also a good time to convey that steps have been taken to ensure that the problem will not occur again.

If customers have unrealistic expectations of the services provided, then this would be a good time to educate them so that they will have realistic expectations. Some salespeople promise the moon to secure an order, and then let the customer down when the product or service does not meet expectations. This is not the way to develop a trusting relationship.

9-3l Follow-Through on All Promises—Add Value

Whatever promises are made, good salespeople must make sure that they are kept, and this is a good time to go beyond what has been promised. Those salespeople who over-deliver what is promised will truly impress their customers and build stronger relationships faster than their competitors. By exceeding expectations and adding value, the salesperson helps ensure repeat business. Exhibit 9.6 summarizes the procedures to handle complaints.

Exhibit 9.6

General Procedures for Handling Complaints

1. Build relationship to the point that the customer is comfortable complaining.
2. Listen carefully and get the whole story.
3. Ask the customer what he or she would like you to do.
4. Gain agreement on a solution. Tell the customer what you can do; do not focus on what you cannot do.
5. Take action; educate the customer so he or she has realistic expectations.
6. Follow through on all promises. Add value.

9-4

EXPAND COLLABORATIVE INVOLVEMENT

A salesperson's goal is to work with customers who have entered into a strategic alliance with the salesperson's firm. This is done by building trust over a long period of time. The salesperson should always look for ways to improve the relationship and create a stronger bond. One way to accomplish this goal is to expand the **collaborative involvement** between the buyer's and salesperson's organizations. The salesperson may take a group of engineers along on a sales call and introduce them to the buyer's engineers. It may be possible for the engineers to work together to enhance the product offering or perhaps provide a more customized solution. Customers often know the strengths and weaknesses of the product they use and can provide some insight into how improvements can be made.

Another example of a company's attempt to expand collaborative involvement is to host a week-long series of seminars, training sessions, and social engagements with its customers to expand the relationship. Brainstorming sessions with customers demonstrate a willingness to listen, show that the company cares, and often result in better ways to serve customers. Any time the salesperson can involve additional personnel from the buyer's company in relationship building, the relationship should become stronger.

9-5

WORK TO ADD VALUE AND ENHANCE MUTUAL OPPORTUNITIES

To build mutually satisfying relationships between buyers and sellers, professional salespeople must work toward adding value and enhancing mutual opportunities for the customer. This can be done by reducing risk through repeated displays of the seller's ability to serve the customer. By demonstrating willingness to serve the customer, the seller reduces the buyer's risk—both real and perceived. A good relationship is one that has few, if any, unpleasant surprises.

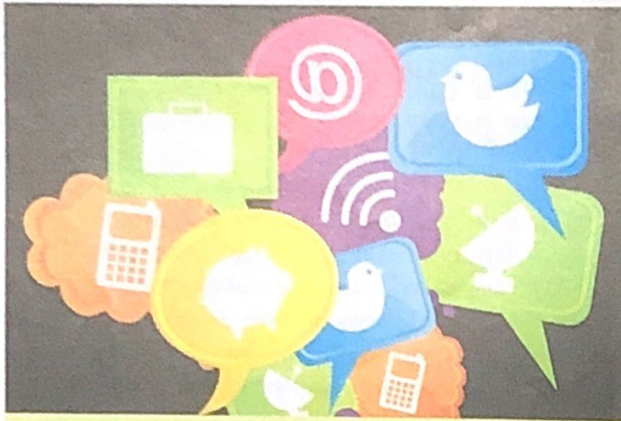
Salespeople must also establish high standards and expectations. Many relationships fail due to unmet expectations. The higher the customer's expectations, the better, provided the seller can meet or exceed those expectations. Salespeople should ensure that the customer's expectations are reasonable by soliciting customer expectations, clearly and honestly conveying the firm's offering, and continually working to improve performance.

Finally, salespeople must monitor and take action to improve customer satisfaction. Salespeople must never let up on this. Doing so only invites competitor challenges. A good salesperson must always look for cracks in the relationship and patch them before insurmountable problems occur. All relationships require work, and taking a good customer for granted is foolish. Julie Ohlms, a manufacturer's rep for Meglio & Associates, realizes the importance of maintaining strong customer relationships and uses technology to assist in this endeavor. To learn how she does it, see "Technology in Selling: Using LinkedIn to Maintain Strong Customer Relationships." Remember that the salesperson must continually add value to the relationship or he or she will run the risk of losing the customer. Exhibit 9.7²⁵ provides some suggestions for adding value by demonstrating to customers that the salesperson cares about them and appreciates their business.

9-5a Provide Quality Customer Service

All salespeople are looking for a competitive edge to help them differentiate their products in the eyes of customers. Many of the products that a salesperson sells have essentially the same features and benefits as those of competitors. Chris Crabtree of Lanier once said, "A

collaborative involvement
A way to build on buyer-salesperson relationships in which the buyer's organization and the salesperson's organization join together to improve an offering.



Technology in Selling

Using LinkedIn to Maintain Strong Customer Relationships

Julie Ohlms graduated from the University of Central Missouri in May 2009 and is an Outside Sales Representative for Meglio & Associates, a manufacturer's rep firm for the electrical industry. Julie discusses how she uses LinkedIn to maintain customer relationships.

To be a successful salesperson, it is imperative to discover the needs of one's customers and determine an effective solution. But that is only part of the process. In today's world, it is equally important

to follow through after the sale and to develop a relationship with the customer. Using social media is a beneficial way to create and nurture customer relationships. It provides a platform that enables the salesperson and customer to easily share information and allows the opportunity for both parties to stay engaged on a regular basis without being intrusive.

Personally, I take advantage of using LinkedIn and find it to be a great tool for maintaining customer relationships. The site is user friendly and the 'connections' feature allows me to stay in touch with my customers between personal visits. Another feature of LinkedIn is the opportunity to 'follow' companies. This is useful as it allows one to keep up-to-date on specific companies with regard to special announcements, awards received and other valuable information posted on the company's feed. Staying in touch with the company allows me to speak intelligently about them and demonstrates my interest in my customer's organization. Also, there is an option on the site which provides users an opportunity to 'endorse' a connection. Endorsing a connection takes little effort but carries its weight. When a customer takes the time to give me an endorsement for customer service, it shows that I am more than just a salesperson. I am a person who gives them the attention and support they desire. I am someone in whom they have placed their trust and confidence.

copier is a copier, is a copier. There is just no difference between what I have to offer and my competitors. We all charge about the same price. In fact, I can match any price my competitor puts on the table. That leaves only one attribute for me to differentiate on—service.”

More and more companies are turning to **service quality**, which means meeting and or exceeding customer service expectations, as a strategy to acquire and maintain customers. A salesperson must be able to convince a customer that service is important, demonstrate service quality, and then maintain a high level of service over an extended period of time.

The problem is that every salesperson claims to provide outstanding service. The goal today is not to

meet customer expectations but to exceed them. Salespeople will rarely be given a second chance to prove that they provide

outstanding service if they do not get it right the first time. A sign in a small-town business reads,

Service is advertised . . .

Service is talked about . . .

But the only time service really counts . . .

Is when it is delivered . . .

And we promise your experience with us will be outstanding.

Customers do not care about slogans and service claims until something happens to them. This is called a moment of truth. Each salesperson experiences daily moments of truth—brief moments that occur whenever a customer comes into contact with a salesperson, the training staff, installers, field engineers, or service personnel and has an opportunity to form an impression. These moments of truth are when the customer will determine if promises are being kept by the sales organization, and whether the salesperson truly cares about the customer or is simply an order getter.

service quality Meeting and or exceeding customer service expectations.

Exhibit 9.7

Enhancing Customer Value

1. Keep in touch with customers to pass along information and solicit customer feedback.
2. Let customers know in writing that you enjoy working with them.
3. Ask customers what can be done to make it easier on them to work with you.
4. When appropriate, refer customers to others.
5. Provide customers with leads.
6. Thank customers during the relationship, not only after the sale has been made.
7. Offer advice for improving customers' operations.
8. Pass along useful articles or ideas.
9. If possible, lend a helping hand (e.g., one sales manager has been known to assist customers in their booths at trade shows).
10. Recommend customers for awards or news stories.
11. Be candid in providing opinions.
12. Come to the defense of customers who are criticized.
13. Quickly address customer problems.
14. Demonstrate reliability by promptly (the day it is received) responding to customer communication.
15. Provide customers with reports, survey results, and articles free of charge.
16. Be proactive, rather than reactive when dealing with customers. Take the initiative to do what is right or necessary before being asked.
17. Keep your word. If circumstances dictate otherwise, then quickly explain yourself.
18. Show respect by not getting "too friendly" with customers.

There are four benefits of service enthusiasm that allow the sales organization to gain an advantage over its competitors. First, reputation is an important part of any organization's ability to attract and keep new customers. Reputation allows a salesperson to distinguish him- or herself from the competition. A solid reputation indicates that the salesperson cares and will help him or her establish loyal relationships with customers. Reputations take a long time to establish and only one negative event to destroy.

Second, by providing good customer service the first time, an organization makes the profit that it needs to stay in business. Whenever mistakes are made (e.g., wrong order, short order delivered), service personnel have to sort out the problem and fix it. The result could lead to a lost customer. In any event, it does not take long to go into the red when people have to be added to fix problems. Efficient operations, cost savings, and doing things right the first time increase the chances for increased profits.

The third benefit of service enthusiasm is convenience. It is critically important to put the customer's convenience first. For example, as mentioned earlier,

most customers are uncomfortable complaining. Thus, a salesperson must make it easy for his or her customers to discuss problems or complaints. Since customers can be reluctant to complain, the salesperson must be vigilant in asking customers to express their problems or concerns. Building a strong, trusting relationship with open communication will make it easier for customers to voice their concerns. Furthermore, to be convenient, salespeople must be readily accessible to customers. This involves using technology (e.g., cell phone, e-mail) to stay accessible, quickly acknowledging customer requests, and then responding in an appropriate and expedient manner. When it comes to servicing customers, salespeople often must accommodate customers' schedules rather than their own. Naturally, this may pose some inconvenience to the salesperson, but customer needs must be considered first.

Salespeople must design user-friendly feedback systems. Periodically inquiring about customer satisfaction can greatly enhance a customer's feelings toward a salesperson and his or her organization. Ontario Systems (<http://www.ontariosystems.com>) provides a Client

Resource Center link on its Web site. Clients can easily get up-to-date information on product support, training, industry links, and discussion lists. Ontario Systems is always looking for ways to provide more services to its clients.

Finally, service enthusiasm goes hand in hand with spirit. A customer can be turned onto an organization by meeting many caring "can-do" people. The spirit must start with an enthusiastic, service-minded corporate culture. The salesperson, sales manager, field engineer, installer, and customer service representative must all have the same service enthusiasm to generate the benefits of service enthusiasm. That is why the salesperson must monitor and coordinate all the people who have access to the account to ensure that good customer service is taking place.

The most difficult aspect of customer service is the potential for inconsistency. For instance, field engineer A, who has a great understanding of service enthusiasm, may be called into an account early in the week. The customer is very impressed. Three weeks later, the customer calls for help again. Field engineer A is out on another account, and field engineer B, who has little or no service skills, is sent out on the next call. Field engineer B is good at fixing the problem but has a hard time relating to customers; in fact, he is downright cold! As a result of this unevenness, the customer's level of satisfaction decreases.

The inconsistency of customer service is a problem for every sales organization. By understanding the benefits of service enthusiasm and the rewards of proper spirit, the sales organization can ensure consistency and exceed customer expectations.

9-5b Customer Expectations

A salesperson must meet the needs of his or her customers. At a minimum, customers expect a warm and friendly salesperson. Buyers have enough things going on during their day that it would not be a plus to have to deal with a surly salesperson. Warmth and friendliness are the building blocks of a successful relationship.

Reliability is another attribute that buyers look for in choosing a salesperson with whom to do business. Customers must have the confidence that the expected service will be delivered accurately, consistently, and dependably. Helpfulness and assistance are two more variables that buyers expect when working with a salesperson.

Will the customer be able to find his or her salesperson when he or she needs to do so? Can the salesperson provide the speed and promptness needed

service strategy A plan in which a salesperson identifies his or her business and customers, what the customers want, and what is important to them.

Exhibit 9.8

Customer Expectations of Salespeople

1. Warmth and friendliness
2. Reliability
3. Helpfulness/assistance
4. Speed or promptness
5. Assurance
6. Accuracy
7. Follow-through (as promised)
8. Empathy
9. Resolution of complaints, mistakes, or defects
10. Tangibles

by the customer? The salesperson can solve this issue by developing a regular call routine so that the customer knows when to expect the salesperson. Customers also want to deal with salespeople in whom they have confidence and trust will always do what is right for them (i.e., assurance). As such, salespeople must be trustworthy. Furthermore, salespeople must pay attention to detail as customers expect accuracy from them, particularly as it pertains to product or service orders. Other customer expectations include follow-through as promised, empathy, and resolution of complaints, mistakes, or defects. The customer must know that if anything goes wrong, the salesperson will move in quickly and solve the problem. Ultimately, the customer is looking for someone who is personally accountable for their desired results.²⁸ Exhibit 9.8 summarizes what customers expect from their salesperson.

9-5c Develop a Service Strategy

Salespeople can calculate the lifetime value of their customers. For example, Hershey Foods Corporation knows exactly how much candy it has sold at the Wal-Mart in Muncie, Indiana. It is easy for Hershey to calculate the loss if any customer decides to replace it. It is imperative for Hershey to provide the service level that each of its customers demands. Lower-quality service can lead to the loss of a customer.

Developing a **service strategy** allows salespeople to plan their actions for each customer. A service strategy asks salespeople to identify their business

Exhibit 9.9

Checklist for Developing a Service Strategy

Questions a salesperson must ask when developing a service strategy:

- What is our business?
- Who are our customers?
- What do our customers want, and what is important to them?
- How are our customers' needs and perceptions changing?
- How are social, economic, and political factors affecting current and future customer needs and our ability to respond to them? How are competitors responding to these factors?
- How do customers rate us in terms of their expectations?
- For what are we best known?
- What do we do best?
- What can we do better?
- How can we position ourselves in the market to differentiate our services?

and customers and what the customers want and what is important to them. Salespeople also have to determine how their customers' needs and perceptions are changing. Salespeople cannot be afraid to ask how the customers rate them in terms of their expectations. What does the salesperson's company do best, and what can the organization do better? Salespeople, ultimately, must determine how to position their company in the market to differentiate its products and services. All this must be done while directing efforts against the competitors. Exhibit 9.9 is an example of a check list for developing a service strategy.

9-5d Customer Service Dimensions

There are three dimensions of customer service, with **communication** being the most important. Most problems arise because the customer was not informed of a change in plans (e.g., late delivery, price increase). Salespeople are extremely busy and many times do not have the time to communicate with all their customers. Communication tools such as e-mail

or twitter can be used to quickly do mass communication to inform customers of these changes. Over time, the telephone and personal visits can be used to confirm that customers are aware of the changes.

Another customer service dimension is **resilience**. Resilience is the ability of a salesperson to get knocked down several times a day by a customer's verbal assault (i.e., complaint) and get right back up with a smile and ask for more. A salesperson cannot lose his or her cool just because a customer does. A tired salesperson must treat late-afternoon, difficult customers the same way that he or she would treat a dilemma at the day's beginning. They must both be treated well.

Finally, **service motivation** is another important customer service dimension. Salespeople must be motivated to find time each day to deal with difficult customers and problems that exist.

Ignoring these activities will not make them go away. Working diligently on behalf of the customer indicates to him or her that the salesperson truly cares about the partnership. If a salesperson has a complaint from a customer and gladly fixes it, the customer becomes a more committed customer.

communication A two-way flow of information between salesperson and customer.

resilience The ability of a salesperson to get knocked down several times a day by a customer's verbal assault (i.e., complaint) and get right back up with a smile and ask for more.

service motivation The desire of a salesperson to serve customers each day.

STUDY TOOLS 9

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- ☐ Rip-out and review chapter review card

LOCATED AT WWW.CENGAGEBRAIN.COM

- ☐ Review key term flashcards and create your own from StudyBits
- ☐ Organize notes and StudyBits using the StudyBoard feature within 4LTR Press Online
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