

The Human Strategist: I'll Have the Usual

A JOURNAL OF STRATEGY & BUSINESS TRANSFORMATION

Elaine Baran

Elaine Baran is President of Baraness Ventures in Santa Monica, CA. She consults in business and internet strategy to a broad range of clients.

Regulars

I worked my way through college waiting on tables in a variety of restaurants over the back half of my teenage years. The job itself had a certain measure of drudgery and detachment from true human discourse, but there were always certain customers that I recognized and who served to lighten my load. It usually took about three interactions before a face became familiar. The first time he or she was just another customer. The second time they looked vaguely familiar. The third time confirmed the recognition from the second encounter and put them in a new category – “regulars”. By about the fifth visit I could usually tell what they were going to order and we’d converse on topics other than their choice of condiments.

Later, while commuting to my first job out of college, I used to take the number 11 bus – it was an odd bus route – at the end of its run after it had dropped off all the Virginia commuters coming into the District for work. It looped back through DC, ran by the Library of Congress on the right and the Capitol on the left, then arrived almost empty at the Supreme Court building, where I caught it every morning at about 8:15 for the 5 minute ride down Pennsylvania avenue to the IRS building (full disclosure – I *did* work for the IRS at one point in my career). What was so great about this particular bus (because there was another route that would take me closer to my actual building entrance on Constitution) was that it was almost empty and so the driver was willing to wait for me. Sometimes he would wait while I walked/ran the entire block from third to second street when he saw that I was coming down the cross street. This wasn’t a courtesy he was required to do and, in fact, it probably would have been frowned upon by his supervisors. But it meant a lot to me and I was always grateful for his cheerful cooperation with my personal foibles.

So let’s talk of “regulars”. Almost all service businesses have them. They are the backbone client base that marketers so idolize. A critical marketing metric is the cost of customer retention, which is usually far lower than the much more expensive one of customer acquisition. It’s a lot less expensive to keep customers than to get new ones. But when was the last time you examined all the components of the customer retention model? How much is human interaction a component of your brand value and customer experience? And, more importantly, as we move towards greater and greater impersonalization in our interactions, has your company’s strategy incorporated a true understanding of all the ways that human interaction and the development of community can enhance your customer’s delight in your product and your brand’s strength? What makes customers “regulars” and how do your strategies and systems support this?

The Human Strategist: I'll Have the Usual

A JOURNAL OF STRATEGY & BUSINESS TRANSFORMATION

What is Customer Service?

I think that for the most part it is the experience of the service, and the people providing the service, that brings back customers. This isn't exactly a news flash. Marketers and customer service types have been on to this equation for a long time. However, I think that one of the ways that companies go astray is when they figure the 'service' to be only the technology enablement of the service – the process – and do not include the actual human touch into their plans, strategies and business models.

Recently I attended a presentation by Dan Bane, CEO of Trader Joe's on how the firm's values underlie all its strategic decisions. If you're not familiar with Trader Joe's, the national/local grocery store chain that originated in California, I can only lament your loss. Trader Joe's has established an extremely loyal following of dedicated customers, including myself, through some very simple expressions of its key values such as product, customer experience, quality, and price. One of the ways they do this is by treating each store as a neighborhood store – the captain of the store has significant decision making capabilities, the organization is all about product experience and employees are chosen for their personality and their ability to interact with and establish good customer relationships. As an example of service to a "regular", Mr. Bane cited an anecdotal story about how a regular client was shopping one day and for some reason her credit card was declined. The person waiting on her took out his own credit card and charged the purchase. This type of experience creates a customer for life. But more importantly, this type of situation can only be set up in a company that doesn't forego the value of human interaction in planning their business strategies.

CRM - Help or Hurt?

This commentary was triggered by reading several articles on CRM, the current consultant-hyped, systems integrators solution to allowing companies to 'get closer' to their customers, to make the interaction one-to-one, to provide data to be mined and enhance service opportunities. But what the articles do not often relate is how, in the process of installing and instituting CRM measures, the human interaction that provides so much of the customer retention part of the equation can get lost in the equation.

Programs are set up that slice clients through streams of phone options and menus in order to arrive, hopefully, at a dulcet (and helpful) human voice at the end of the process. Data displayed on the operators' screens can tell them the client's balances and various interactions with the organization. They even project their lifetime customer value and give them star rat-

The Human Strategist: I'll Have the Usual

A JOURNAL OF STRATEGY & BUSINESS TRANSFORMATION

ings to let the customer service reps know how much latitude to extend the person on the other end of the line. Systems and procedures can help the back office staff do accounting, special orders, focused discounting, order management, shipping and delivering, all without ever personally interacting with the client in question – there are never people at the other end of the interaction, only account numbers to be billed, seats to be filled, and metrics to be optimized. The Fedex delivery person probably knows your customer better than you do.

What adds real value to people in a world of increasing complexity, emotional distance (isolation) and an ever-increasing pace, is the opportunity to interact in a small but real fashion. Stepping into the deli that you've been going to for years and having the counterman just raise a questioning eyebrow signaling the unasked question – 'the usual?' – provides a small moment of relief from the isolation that we are surrounded with daily. The grocery store clerk who asks about how your new car is doing or whether your kid finally managed a hit in his little league games gives us a sense that we are somehow connected to our community and to the other people in the world, and not just to organizations, brands and markets. Some membership-based clubs have "members tables", where unaccompanied members can sit together and chat during a meal, rather than eating alone. Coffee shops subtly encourage human interaction and development of a sense of "community" by having long tables with stools for individual seating, where a newcomer can easily strike up a casual conversation with a stranger.

Human interaction is the reason that some people still use travel agents. I know that the airlines take advantage of the fact that many travelers are price sensitive and so they incent travelers to deal directly with them as opposed to working with travel agents. But when I travel on business, I want to deal with someone who already knows that I need a window seat (and will take a different flight in order to get one) because of my motion sickness, or who doesn't need to ask which hotel I need in Chicago because I've been on the same project for the past three months. When I call the airline, even the highest level of premier desk – I still get a collection of Missy's and Catherine's and Howard's and Linda's. And each time we have to start over again and I have to explain all my personal foibles, exposing them to the daily emotional whims of an army of customer service reps who don't know me from a hole-in-the-wall. I'm an ****EXP**** on their computer screen and that tells them they better treat me well, but they're not treating me well because they see me every week and know that maybe I went through a rough patch a few months ago or that I'm excited about a new job or that I need this vacation so much it hurts and I really need this process to be very easy today. And even worse, I don't know anything about them—even when I do find out that Cathy used to live in Southern Cal and that her brother just moved here or that Howard is also a big Redskins fan, I never get to talk to Cathy or Howard again. Those moments become part of the flotsam and jetsam of life,

The Human Strategist: I'll Have the Usual

A JOURNAL OF STRATEGY & BUSINESS TRANSFORMATION

rather than the small building blocks of community, contact and intimacy that provide us growth and sustenance in our daily routine.

Integrating the Human Part of the Equation

Wisely led companies take the time to figure out how to integrate the human into their systems approach. Take for instance, the aforementioned Trader Joe's. They have made a conscious decision to slow down the pace of technology adoption while they test how to retain the neighborhood feel of their stores that is such an important component of their brand. They could have gone straight for the bottom line cost savings – wholesale change to bar code checkout registers and detached checkers throwing your food (your sustenance...) in the bag. Instead, they decided to step back, look at what value they receive from their checkout interactions, and figure out a way to integrate technology so as not to lose that value, and, hopefully, to enhance it.

On the other hand, some companies go so far down the technology path that they don't even realize they've cut off their own lifeblood. For many, a glaring example of this is those technology companies that moved employees from tech support (where they were truly getting to know the customer and interact in a helpful, knowledgeable way), into sales and marketing, where they are rewarded only for closing the sale, not building and maintaining the long-term personal relationships. These are companies who did not take the time to identify the critical *human* interaction points – not decision points, not sales points, not complaint points – but those points where the human side of their company interacted with the human in their customers and subtly enhanced their brand value.

The pace of our evolution is quickening, and as part of it we will be continually fighting the trend towards greater and greater impersonalization in every aspect of our lives. The point of this is not to say that systems don't belong in business – hardly a position a former systems analyst, integration and strategy consultant is likely to take. The point is that companies need to rely on more than systems (especially primitive, dehumanizing, first-generation technological systems) in their efforts to increase their business, retain their customers and provide a human environment for their employees. These are considerations that strategists must put into the equation when making recommendations on how organizations business models are translated into practice. There is much to be gained by permitting, encouraging and enhancing the opportunities for human interaction. And there is much to be lost, both for us and for our evolving society, by continually closing more and more of the doors of our humanity.