

Business Credit News

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**SEPTEMBER 2013 Chairman: Mark Haley
Johnson Oil Company**

“HOW DO WE DEFINE CUSTOMER SERVICE?”

A close friend recently sent me a blog posted by a current road warrior concerning his recent travel experience on Southwest Airlines. In his blog the blogger lamented the fact that he felt the “fun” was slowly disappearing from the Southwest experience as it was becoming “just another airline” and its reputation for providing legendary customer service was slipping. Southwest as some of you know is the Texas airline that was created back in the late 1960’s by Rollin King and Herb Kelleher to provide air transportation within Texas borders to just four Texas cities. From those humble beginnings Southwest has grown from the unconventional, customer friendly, employee oriented, and small regional carrier to the fourth largest domestic U.S. airline.

There are very few companies today that do not have a customer service department or use the phrase customer service in its mission statement and/or advertising. Many have enhanced the idea of serving the customer and changed the name of their customer service department to “customer care” or “client services” to further place emphasis that the customer is job one. In fact, there are several companies who have re-branded their credit & collections departments to include the words “customer care or service” to reflect a more positive customer friendly attitude. There is only one company in modern times that has not marketed customer service as a primary value but rather placed emphasis on quality instead and adopted the slogan “Quality is Job 1”. And yet, major corporations spend more dollars on one thirty second television commercial than they budget for their entire annual employee training. What’s the point of advertising that you provide good customer service if you are not going to train the employee in how to provide what you’re promoting?

But wait, isn’t it a widely known fact that 85% of Western countries today are primarily service providers. Does it not seem strange then, that the majority of companies operating in these countries would even have a customer service department? Is that to say that there is only one department in the whole of the organization that is responsible for providing service to the customer? Are they insinuating that the other departments and those working in those departments do not or are not interested in providing service to the customer?

It brings to mind, not that long ago, when many organizations changed the name of their “legal department” to “law department”. Would anyone be surprised that the name change came about because of one employee in a major company who raised the question in their organization that if they had a “legal department” then did it mean to suggest all the other departments within the organization were considered “illegal”?

Can there be any doubt that the customer is the core of all our service activity? For example, the credit department provides customer service when it provides invoice copies or an answer to a customer’s inquiry about the invoice. It should be expected that everyone in the organization is providing exceptional service to the customer in addition to whatever the products and/or service the company is selling.

The majority of what is sold today is not proprietary. The name may be but the majority of products and/or services are purchased because of preference or brand loyalty. For instance all airlines provide the same product, moving the traveler from point A to point B. All hotels provide the traveler a sleeping room and depending on the type of property; economy, comfort, standard, superior, or luxury, similar amenities. What then separates one airline or hotel from another is the service they provide along with the airplane seat or hotel room. Today, it is not unusual to find the service provided by an economy airline or hotel to be superior to the legacy airline or luxury hotel even though one would expect the opposite due to the price difference.

And therein is the secret that one cannot place a price on, the customer experience. Customer service is that intangible that separates excellence from doing what is expected. Customer service is an attitude, along with a desire to provide the customer with an experience and level of satisfaction that will not only make the customer want to return for the experience but to also tell everyone about the wonderful way they were treated regardless of the product and/or service and what it cost.

There are three primary elements in running a successful business. Service, quality, and price, and exactly in that order. Entrepreneurs know this but often their successors have either forgotten or are oblivious to these sequential elements. This is

a primary reason why 70% of all second generation businesses fail. The second generation places too much emphasis on price and has neglected the customer service part of the business that made it successful to begin with.

Let me tell you about our local hardware store to illustrate the importance of good customer service. I reside in a small community 30 miles northwest of the ninth largest city in the United States. Several years ago our town leaders convinced the largest retailer in the world to build one of its superstores within our town limits. When the news was announced many in the community felt that the small businesses in town and the surrounding areas would perish because they would be unable to compete. Sadly, their predictions came true and many of our local businesses did close as many other businesses across the country closed when this large retailer came to their towns. However, several small businesses did not close and one of those that survived and thrived is our local hardware store even though the prices are often lower on a majority of similar items available at the larger store. Why? I suppose the answer can be defined in one word, Norm. When I enter our local hardware store the first person I usually encounter is Norm. Norm not only greets me, he also asks what project is bringing me to the store. Once he knows why I'm there he does three things: First, he determines my level of expertise with the project I'm doing; second, he provides me with the proper tool and/or materials I need to do the job; and lastly, he teaches me how to use the tool and/or the materials properly. When I walk out of the store I not only have what I need but I have the proper tools, all the materials I need, the first time, and, most importantly, I know how to use them. And I have Norm's guarantee I will not be returning because I did not get everything I needed on the first trip, or bought the wrong tool or materials, or do not know how to use what I just purchased. Will I pay a little more for the tools and materials than I would have at the superstore? Definitely, because the customer service Norm provides is priceless and people in our town not only visit our local hardware store when they have a particular project but shop there for products they use often because every visit is a satisfying shopping experience that can be attributed to the customer service that is provided to every person who walks through the door.

Why do the majority of businesses fail to provide a satisfactory experience to their customers, their number one asset? Sadly, we the consumers are, more often than not, responsible because we have agreed to accept low prices in exchange for a lack of customer service. We have come to accept that customer service no longer exists. Another example: We purchase a large ticket item that we cannot take home ourselves, it has to be delivered. So in addition to the low purchase price we pay an additional fee to have it delivered. And when will they deliver it? In the morning between 8am and noon or in the afternoon between 1pm and 5pm. We pay them a delivery fee so we can sit at home for four hours and wait for the item to be delivered, and they usually have a logo on their delivery trucks that advertise their exceptional customer service? And let's not forget the plumber, electrician, cable/satellite, and the list goes on and on. And why do all these companies do this? Because we don't speak out and tell them no! Just recently the third largest cellular phone provider announced it was firing 800 of its customer service representatives because, and I quote from their press release, "Complaints have decreased and customer satisfaction levels are higher". Curious, I called their customer service line the same day the announcement appeared and was informed by a pleasant automated voice that all customer service representatives were busy helping other customers and the wait time to speak to a customer service representative was 15 minutes. I assumed it was all the satisfied customers calling in to inform the company how satisfied they are with their service.

It makes no difference what our job, position, or title is. Our first priority should be to recognize the customer as our most important asset and provide the customer with an experience that will not only keep them coming back but bring others with them to experience what they have discovered. Customer service is not just a slogan or a title but an attitude and the way we should be doing our jobs rather than a department name listed in the company directory. Think of the businesses in our own daily life. Do they make it easy for us? Do they make it pleasant and memorable? If a problem arises, do they quickly own it and see it through to a satisfactory resolution? If they don't meet our expectations, do we decide to take our business elsewhere? We should use these personal experiences to refine the service we provide our customers?

As managers how much time do we spend daily training our subordinates in providing good customer service? Yes, I wrote **daily**. Can't be done you say, really? All it takes is that we, as manager, practice and provide good customer service consistently every day. Subordinates learn from the practices of their leaders.

And what constitutes good customer service? How about these for starters:

- Understanding the customer;
- Being prepared to serve the customer;
- Asking the customer for information;
- Listening to the customer;
- Living up to the commitments we make to the customer;

And that's just the short list.

A few days after receiving the original Southwest blog from my friend, I was sent another blog authored by the same person who originated the first blog. It seems that Southwest also received a copy of his blog and they immediately contacted him to 1) apologize for the experience that caused him to initially blog and 2) ask for his input on what Southwest could do to improve their procedures to prevent the conditions he experienced from reoccurring. Well, he confessed up that the problems that occurred the day he was writing about were things Southwest really had no control over, air traffic and weather, and he

was really having a bad day returning home after being on the road for five days and needed to vent his frustration and Southwest was an easy target as he was travelling with them. So how did Southwest respond to his revelation? They deposited additional points in his frequent flyer account and told him they hoped he would choose Southwest on his next trip. Now that's customer service!

David Balovich is an accomplished author and public speaker. He is presently the North Region credit manager for Holt Cat.

***** **SEPTEMBER 2013** *****

Day	Date	Group	Location	Time
Tues	3	Austin Construction	Texas Land & Cattle, 6007 N IH 35 & Hwy 290, Austin TX	11:30
Tues	10	Coastal Bend Group	Holt Cat, 1325 South Padre Island Dr, Corpus Christi TX	11:30
Wed	11	Rio Grande Group	Victoria Palms Resort, 602 N. Victoria Rd. Donna TX	11:30
Thurs	12	SW Food Credit Group	Las Palapas, 4802 Walzem Rd, San Antonio TX	11:00
Tues	17	Austin Construction	Texas Land & Cattle, 6007 N IH 35 & Hwy 290, Austin, TX	11:30
SEPT	18	Bond & Lien Seminar	2510 Onion Creek Club, Austin TX	9:00
Thurs	19	HVAC Credit Group	Texas Air Products, 11122 Gordon Rd, San Antonio TX	11:30
Thurs	19	Austin Ad Media	Santa Rita Tex Mex, 1206 W38th St. Austin TX	11:30
Fri	20	SW Electrical Group	Onion Creek Country Club, 2510 Onion Creek Pkwy, Austin TX	11:30
Tues	24	SA Construction	Las Palapas, 4802 Walzem Rd, San Antonio TX	11:30
Wed	25	Victoria Credit Group	Sky Restaurant, 236 Foster Field, Victoria TX	11:30
Wed	25	Fuel & Lube/Heavy Eq.	Teleconference Meeting 1-800-791-2345	2:30
Thurs	26	Laredo Credit Group	The Laredo Country Club, Laredo TX	11:30

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