



Creating a Customer-Centric Culture

Abysmal customer service. Is there anything worse? Well, yeah, but when a company treats you poorly, it's still pretty upsetting. If your company offers exceptional service to every customer, you can stop reading now. But if you've got some room to improve in this area, it's time to make it a priority. Here are some sobering stats compiled by [HelpScout](#), makers of customer service software, that illustrate why customer service is so important:

- ★ News of bad customer service reaches more than twice as many ears as praise for a good service experience.
—*White House Office of Consumer Affairs*
- ★ It takes 12 positive experiences to make up for one unresolved negative experience.
—*Ruby Newell-Legner, "Understanding Customers"*
- ★ Seventy-eight percent of consumers have bailed on a transaction or not made an intended purchase because of a poor service experience.
—*American Express Survey, 2011*
- ★ A typical business hears from only 4 percent of its dissatisfied customers.
—*Ruby Newell-Legner, "Understanding Customers"*
- ★ For every customer who bothers to complain, 26 others stay silent.
—*White House Office of Consumer Affairs*

When it comes to growing your startup, creating a customer-centric culture makes sound business sense. Yet it often gets pushed aside in light of other priorities. We get it—you're busy, and running a startup is hard! But if the customers you've worked so diligently to acquire have a bad experience, you'll spend far more of your precious marketing dollars acquiring new ones than upselling existing ones. So how do you create a customer-centric culture? We sat down with Claudio Toyama for some answers. An executive coach and expert on leadership excellence, Toyama travels the globe helping clients like Bosch, Nokia, DSM, Reuters and UNICEF to inspire lasting change. Oh and our last interview with him—find it [here](#)—was our most popular article of 2016.

Connecticut Innovations: There seems to be a customer experience revival going on. Can you explain why?

Claudio Toyama: Sure. Customer experience started to pick up momentum about 10 years ago, but shareholder pressures meant that the focus on customer experience was ignored in lieu of short-term profits. Since customer experience requires long-term thinking, very few companies worldwide were focusing on it.

The revival of customer experience coincided with the rise of social media. The old adage was that an unhappy customer would tell 10 friends about his bad experience. The number would vary by industry, product, country, etc., but 10 was the rule of thumb. Nowadays, anyone can post about a bad experience on social media, and it can spread like wildfire. There was a case about seven years ago of a musician, Dave Carroll, whose guitar was destroyed by some United Airlines employees. United would not apologize for the loss, nor would they pay for the damages. After trying many times to have the company pay for the damages and getting nowhere, Carroll made a [funny video](#) about his experience. The video has been seen by over 16 million people so far. It's also been made into a [book](#). Talk about a PR nightmare! Doesn't it make sense to treat your customers well so that they become raving fans and tell other friends and colleagues about your products and services rather than the alternative?

Social media brought back the power to the individual, which is the main reason companies started focusing on customer experience again. They simply cannot afford that much bad publicity.

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CI: In terms of customer experience, what are some young companies that are getting it right?

CT: Unfortunately, I am not aware of young companies doing it right. Not that they don't exist, but I am just not aware of any. And I would love our readership to point us to some good examples, as I am also curious about it.

CI: How do businesses, particularly startups, get customer service wrong?

CT: In general, startups in the early stages don't have procedures and processes in place to ensure that the customer experience is consistent. Also, because so many are focusing on growth and on the next round of funding, they are not focusing so much on the customer experience per se.

For more established businesses, the focus on pleasing the shareholder by maximizing short-term profits is at odds with providing a great customer experience, or at least that is true in the owners' and CEOs' minds. Not because customer experience costs more, but because when you focus on cutting costs to maximize profits, it's almost impossible to provide a great customer experience. You simply will not be investing in training for your employees as much as you could, nor will you be investing on the nice touches that make an experience great. This is also known as going the extra mile.

CI: How important is customer experience when your company is young and may be still pivoting?

CT: If your customer experience is differentiated and consistent, customers will keep coming back for more and they will tell their friends about it. And that's one of the best ways to grow your business organically. You ultimately want to nurture as many raving fans as you can so that they are spreading the word about your company, but you would be amazed at how many companies cannot even do the basics right consistently. This is not because they don't want to but because they are actually unaware of what the basics are. I have been working with one of the top experts in customer experience, [Shaun Smith](#), for more than 12 years, and he says that customer experience must focus on three main components (aka the basics): (1) products/services, (2)



processes and (3) behaviors (people). If any one of these elements is not the best it can be, your customers will have a subpar experience.

CI: How can startups create a customer-centric culture?

CT: So many company founders are focused on the product and its features. To create a customer-focused culture, you need to continue focusing on your products and features and, on top of that, your employees and customers. Opening up a dialog with employees and customers is a must if you want to create a customer-centric culture.

CI: How important is training your staff?

CT: Training is essential, but what we generally see in many companies around the world are two-day trainings every now and then. This does not inspire change. We are talking about behavioral changes, and these changes don't happen overnight. The best approach is to have training coupled with reading materials, coaching and mentoring—all forming a holistic package. So many companies feel it's expensive to do this because they are not considering the impact of not doing it.

“So many companies feel it's expensive to invest in customer service training because they are not considering the impact of not doing it.”

Whenever a potential client comes to us asking for leadership training and we offer this type of comprehensive solution, invariably I hear back: “But Claudio, this is too expensive.” Then I say: “How much does it cost to lose a really good account? Or how much does it really cost to replace a great employee?” When you put it down on paper, it makes so much more sense to go for the complete solution than to try to patch the problem with a Band-Aid.

CI: How do you decide on a tone for communications that will resonate with customers?

CT: More and more we are seeing startups that have a friendly or “cheeky” attitude. Their communication is not vanilla and stale as it is in most big corporations.



I remember starting to see this trend when I lived in London, and one vivid example was a smoothies company called [Innocent](#). Even its labels were fun and engaging. But I have also seen companies trying to have a differentiated tone in their communications by trying to be funny or cheeky when their products are not working properly, and it can backfire--so you have to be careful here.

CI: What advice would you give to entrepreneurs who may be afraid to empower employees to do what they can to help customers?

CT: Before they empower their employees to help customers, they need to (1) have a clear mission and vision for the company, (2) focus on hiring employees who are aligned with the company's values, and (3) have clear guidelines for what is acceptable and what is not in terms of employee behaviors and actions. Sometimes it works to set up limits but not be too prescriptive in your approach. When these three foundations are in place, employees can be given the autonomy to help the customer in any way they see fit as these actions will be aligned with the values, mission, vision and guidelines of the company.

CI: How does social media fit in?

CT: As we saw with United Airlines and the damaged guitar, social media acts as a magnifying glass for the good and the bad. If your customer has a fantastic experience, she will tell all her friends and colleagues on social media about it. If, on the other hand, your customer has a bad experience, she will also tell all her friends and colleagues about it on social media.

CI: What about loyalty programs? Good idea or bad?

CT: Loyalty programs are overrated. Since I travel a lot for business, I have plenty of miles and points in a number of loyalty programs from car rental agencies to international hotel chains to international airlines. I choose the provider based on convenience and not based on whether I am a silver/gold/platinum member of ABC company. And to be quite honest, so many times I don't feel much of a difference in the way they treat me when I am an elite member as opposed to not belonging to any loyalty program. An idea that is gaining momentum, though, is the idea of using gamification tools for customer engagement. [Waze](#) does this. By contributing traffic updates, users are not earning loyalty points, but they do earn status in the system. I think that many people contribute their own updates because they want the app to work properly, but the gamification element is also a motivator because it's part of the fun.

CI: What are your top tips for creating a customer-centric culture?

CT: There are different ways of creating a customer-centric culture. One way is to figure out what your main company values are and how to keep them alive by aligning all of your actions accordingly. This will help in your decision-making process down the line as you can see if the decision is aligned with your company values or not.

Another way is to define your company's mission and vision in a way that is aligned with a customer-centric culture. This may be at odds with short-term gains, so you will need to refer to point one above and choose whether you want to be aligned with the company culture or whether you want to maximize short-term profits—a decision that will not always be as clear-cut as it seems.

You could also analyze and understand the market landscape, including current and future trends, and your main competitors. Services such as [Trendwatching.com](https://www.trendwatching.com) are a great way to stay on top of consumer trends but are not necessarily good for industry-specific trends.

Another way to provide a fantastic experience is by understanding your employees' needs and making sure you're providing a good living wage and the necessary training, coaching and mentoring so that they can execute their jobs to the best of their abilities. For a good understanding of what motivates people, you can watch Dan Pink's presentation "[Drive: The Surprising Truth About What Motivates Us.](#)" I would also recommend an employee survey run by a third-party consultancy so that you receive candid feedback on what you are doing well and what you need to improve. Depending on the company size, this survey can be qualitative (e.g., one-to-one interviews) or quantitative (e.g., online or telephone surveys). [It's also important that you share the feedback you receive and what you're doing to address it.—Ed.]

You can provide a great customer experience by being in contact with your customers and by understanding their needs. I recommend conducting ethnographic research so that you can fully understand how your customers use your products and services. We have conducted ethnographic research in a number of countries, and they've proven to be extremely powerful in that they provide great insight in a way that you would never find out if you had just asked [your customers].

Keep going back to the preceding tips at least once a year so that you are keeping up with any changes that might have occurred during that period. I would recommend keeping your finger on the pulse of the market and of your company by having more frequent checkups than yearly, though.

