



CREATING A WOW! **CUSTOMER EXPERIENCE**

Why is a great customer experience essential for success in business?



**Clearly, there are more than a few reasons.
Four that come to mind, include:**

Adding value to another person's life, through exceptional customer service, improves the self-image of the team member providing the exceptional customer service. Great customer service creates a special corporate culture and the highest levels of job satisfaction. It becomes a circular dynamic. Happy team members then make happy customers. Visit any organization known for great customer service (Ritz Carlton, Chick-fil-A, Trader Joe's, etc.) and you will enjoy this wonderful dynamic.

When an organization truly differentiates itself in the area of customer service, it enables the company to rise above the blood in the water created by price competition in an increasingly commoditized industry. With exceptional customer service we earn the right to fair and even exceptional pricing.

In a digital economy, word travels fast. Twenty years ago, an organization's poor or good customer service experience might be shared with five or six contacts, over time. Today, that same experience may travel to five or six thousand contacts, in one day. Google and Yelp ratings matter. The vast majority of consumers – both Business to Consumer and Business to Business – incorporate these ratings services into their purchase decisions. Other social mediums like Facebook and Twitter can be equally valuable or equally damning.

Finally, every CEO must consider the cost of replacing a customer. Statistics vary by industry. On average, the cost of replacing a customer is 8x the cost of retaining a customer. Furthermore, the cost of obtaining a customer via a warm referral from a "Wowed" customer is a fraction of the cost associated with any traditional business development process.

We have all had times either in a store, or online, when we have had a very poor experience as a customer or user. If the importance of a good customer experience is so intuitive, and apparent, where is the disconnect? How is it that so many companies do not make this a priority? When reflecting on that paradigm, it is possible that good customer service is not that obvious and not that intuitive. Therefore, proper prioritization and resource allocation is missed.

Time, resources and consistent never-ending intentionality is needed to infuse exceptional customer service in an organization's culture and corporate DNA. Creating a world-class customer service experience on a consistent predictable basis requires leadership to view decisions through the eyes of the customer. Place an empty chair in each meeting, representing your customer, as a reminder that your customers and prospective customers deserve a seat at the table. This includes recruiting, training and development, compensation, governance, process improvement, mission, vision and core values, everything. Exceptional customer service requires that company leadership measure, discuss, respond, celebrate, recognize and reward great customer service. This represents a lot of time, a lot of hard work and persistent focus. A CEO either believes it is worth it – or it is not.



Also, traditional CEO thinking tells them their primary responsibility is to “maximize shareholder return” – a concept espoused by the Nobel Prize winning economist Milton Friedman. Of course, a CEO's responsibility is nothing less than adding value to shareholders. After all shareholders are a very important stakeholder. However, I agree with John Mackey, founder of Whole Foods. In his book *Conscious Capitalism*, Mackey states that the way to create an organization that people cannot imagine life without is to recognize the need to add value to all your primary stakeholders. These include shareholders, customers, vendors, employees, community and in Texas Security Bank's case, regulators. There must be a documented strategy for adding value to each of these stakeholders.

This may seem like a nuance. However, this perspective is critical to exceptional customer service. If a short-sighted CEO focuses on maximizing shareholder returns, alone, they do it at the expense of other critical stakeholders.

Additionally, more competition helps force companies to improve the customer experience they offer. External pressures also can force a company to improve the customer experience. This is the beauty of the Free Enterprise System - entrusted to us by our founding fathers. Often desperation fuels inspiration and innovation. Every entrepreneur begins with the vision of a better way to serve the consumer. The Champion of Free Enterprise risks a lot (often everything) to press his or her way into our economy. Existing companies should not become complacent and underestimate the grit and resolve of a desperate, driven entrepreneur faced with a circumstance where failure is not an option.

As previously mentioned, creating a “Wow” experience is a matter of adding value in a creative, unique and unexpected way. In part, a “Wow” experience consists of meeting a person’s greatest need at the perfect time.

Texas Security Bank provides continuing education for business owners, key players and the bankers who serve them. Know that two-thirds of business owners don’t have a college degree in one of the business disciplines. Business owners are starved for value-added training - they can implement. We meet this need through the monthly TSB Speaker Series and the TSB Academy. The TSB Speaker Series provides monthly training on topics germane to all business owner in a 90-minute lunch-and-learn format. 40-50 business owners and key-players participate each month. Our TSB Academy is a 12-month program - structured like an Executive MBA covering topics ranging from Accounting I and II to Succession Planning and everything in between. Instructors are subject matter experts. Attendees meet bi-weekly for 90 minutes followed by a networking lunch. All classes, both Academy and Speaker Series are video-taped and may be shared with other team members in their organizations.

Judging from the testimonials - <https://www.texassecuritybank.com/about-us/champions-of-free-enterprise>, we believe our education outreach provides goodwill – goodwill that has a multiplier effect. If a company provides information that enables a customer to scale their business or keep their company out of the ditch – that provider will enjoy loyalty and referrals.



Based on my experience in founding Texas Security Bank, five of the most important things a founder or CEO should know and do to create a Wow! Customer Experience include the following:

1. Recognize, Exemplary Customer Service, starts with YOU!!

Everything rises and falls on your leadership. You can't fake this one or delegate ultimate responsibility. Are you and your leadership the Wow! Customer Experience Evangelists? As the founder or CEO you have the most to gain or lose. Do you genuinely value Exemplary Customer Service? It cannot be just lip service. Do employees see you prioritizing resources toward great customer service? Do employees see you investing in customer service training? Does your team see you personally, delivering exceptional customer service? Does your decision making reflect your sensitivity towards the impact on customers? Do you talk about customer service incessantly? Do you empower your team to deliver the Wow! Customer experience? Are Wow! Customer Experiences recognized and rewarded? Do you take ownership when the company falls short of exceeding a customer's expectations?

2. Make Exemplary Customer Service a cornerstone of your recruiting and Ideal Candidate Profile

Interview questions can be scripted in a manner to determine the value a candidate places on Exemplary Customer Service. Ask the candidate to provide examples of a Wow! Customer Experiences they created. What customer service training have they received? Do the candidates prior work experience include organizations known for Exceptional Customer Service? Pre-hire assessments are available that evaluate a candidate's predisposition towards customer service.

3. Make Exemplary Customer Service one of your organizations Core Values

As discussed, exceptional customer service must be a part of your institution's DNA. Too many Core Values are created at the corporate retreat, framed, hung on the wall and forgotten. At Texas Security Bank we reinforce one of our Core Values, prior to every standing meeting, including our Board of Directors. TSB Core Value #5 reads:

Exemplary Customer Service - Our profitability and growth depend on attracting core deposits. The Bank's ability to attract core deposits is in direct correlation with its ability to outperform competitors – particularly in the area of customer service. Exemplary customer service is not only meeting the customer's needs, but also understanding and anticipating them. "Good enough" is not good enough. WOW! is our standard.

Next, each team member is evaluated by their direct superior and TSB leadership on each of our Core Values – including Exemplary Customer Service. Further, our annual profit-sharing plan incorporates these ratings into an individual’s award. Compensation is tied to customer service. Additionally, empower your employees to make things right.

4. Measure Customer Service

The subjects we, as an organization, say are important must be measured, discussed and acted upon. Our bank utilizes an on-line survey called “Ask Nicely” (<https://www.asknicely.com/>). Ask Nicely is an automated on-line tool to determine an organizations Net Promoter Score (“NPS”). NPS, created in 2003 by Fred Reichheld of Bain & Co., is a simple one question survey that asks “On a scale of 1-10 how likely (10 be most likely) would you be to recommend Texas Security Bank to people you know?” Most of us have participated in such surveys. This survey produces an NPS score by netting the percentage of detractors (respondents rating you 0-6) from the percentage of promoters (respondents rating you 9-10). One powerful attribute of NPS is that it is a standardized customer service rating tool utilized in virtually all industries. As a result, benchmarking is available – allowing you to know what “good” looks like.

For example, the average for the financial services industry is 34. Of the large financial institutions USAA represents the best with an NPS is 75. HSBC represents the worst at -24, Ouch!

At our bank we survey 25% of our existing customer portfolio, each quarter. In addition, we survey all new customers, upon loan closing or treasury management implementation. As of this date, our NPS is 83. Needless-to-say, we are proud of this number, the work that goes into it and we intend to protect it.

5. Celebrate the Wins and the Wow!

In 1997, I attended a bank meeting held at the Ritz Carlton in Naples, Florida. This was the first time I ever stayed at a Ritz Carlton or hotel of this caliber. I was blown away by the customer service and the deliberate intention to detail of every aspect of the experience. Returning home, I shared my Ritz Carlton experience with my wife. Given that, we spent our 10th anniversary at the Ritz Carlton in Puerto Rico, in 1999. Our anniversary could not have been better.

In 2007, when writing the business plan for Texas Security Bank and our Core Values I harkened back on my appreciation for the Ritz Carlton customer service culture. I discovered that the Ritz Carlton provided customer service training for C-level executives and I invested in the training. Another awesome experience.

One, of the many Ritz Carlton disciplines I learned, was how they celebrated the Wow! Customer story, daily. Every morning, at each of the 101 properties

(30 countries), a standing 15-minute meeting of all the staff takes place for the purpose of celebrating one Wow! story delivered by a team member to a guest, the previous day at one of the properties – the one Wow! story celebrated by all team members at all properties, every day.

It's worth noting that most Wow! Experience consisted of making something "right" in a manner that far exceeded the guest's expectations. Not necessarily from getting it "right" in the beginning. Our instructor pointed out that customer satisfaction surveys received from guests where everything goes as expected – over the long run – can be slightly below surveys where something goes slightly amiss (for whatever reason) but a team member comes to the rescue to do something special – above and beyond. This fact helps us embrace – instead of dreading – a customer service issue as an opportunity for a Wow! Experience that will result in free promotion by our customers.

To make this point, our instructor asked our class of executives, "how many of you have a Ritz Carlton story?". Every hand went up. She asked me to share my story with the class.

My Ritz Carlton story happened on our 10th anniversary trip to Puerto Rico. My wife, Christy, and I arrived at the Ritz Carlton property in the late afternoon, in time for our dinner reservations that evening. While Christy was getting ready, I waited for her down in the bar. The bar tender asked me if I'd like a drink. Being from Texas, I replied, "do you have Dr. Pepper?" She replied, "I'm sorry we only have Mr. Pibb." Evidently, Mr. Pibb is the equivalent soft drink in the eastern part of the U.S. and its territories. "A glass of ice water is fine", I replied to my bartender.

When Christy and I returned to our room, following a nice dinner, we found an ice bucket and a six pack of Dr. Pepper on our bed! Wow!!

My instructor then asked, "how many times have you told that story?" "I don't know, maybe a dozen?" I said. Ritz Carlton's consistent discipline of celebrating the Wow! story is part of what drives their team members to create Wow! stories.



When a customer has a WOW experience with Texas Security Bank, we want to inspire them to reach out to others as well.

So we follow up on all NPS respondents – not just the 9's and 10's. We want to thank everyone for taking the time to provide valuable feed-back that we plan to use to provide a better experience. This is part of building goodwill. Because the NPS survey question asks, “how likely would you be to recommend TSB to somebody you know?”, we see that as a green light to “ask.” So, we do. In addition, we provide them a link to Google and Yelp and invite them to rate us. Finally, we invite them to follow us on LinkedIn. This exercise helps us to build our on-line brand.

I believe that there exists today a movement towards great customer experiences. I previously mentioned the book Conscious Capitalism by John Mackey. An excerpt from the book below:

Four tenets form the foundation for the Conscious Capitalism philosophy:

Higher Purpose

While making money is essential for the vitality and sustainability of a business, it is not the only or even the most important reason a business exists. Conscious businesses focus on their purpose beyond profit.

We all need meaning and purpose in our lives. It is one of the things that separates us from other animals. Purpose activates us and motivates us. It moves us to get up in the morning, sustains us when times get tough and serves as a guiding star when we stray off course. Conscious Businesses provide us with this sense of meaning and purpose.

Stakeholder Integration

Unlike some businesses that believe they only exist to maximize return on investment for their shareholders, Conscious Businesses focus on their whole business ecosystem, creating and optimizing value for all of their stakeholders, understanding that strong and engaged stakeholders lead to a healthy, sustainable, resilient business.

They recognize that, without employees, customers, suppliers, funders, supportive communities and a life-sustaining ecosystem, there is no business. Conscious Business is a win-win-win proposition, which includes a healthy return to shareholders.

Conscious Culture

Culture is the embodied values, principles and practices underlying the social fabric of a business, which permeate its actions and connects the stakeholders to each other and to the company's purpose, people and processes.

A Conscious Culture fosters love and care and builds trust between a company's team members and its other stakeholders. Conscious Culture is an energizing and unifying force, that truly brings a Conscious Business to life.

Conscious Leadership

Conscious Leaders focus on "we", rather than "me." They inspire, foster transformation and bring out the best in those around them.

They understand that their role is to serve the purpose of the organization, to support the people within the organization and to create value for all of the organization's stakeholders. They recognize the integral role of culture and purposefully cultivate a Conscious Culture of trust and care.



Conclusion

To learn more about the movement, go to:

<https://www.consciouscapitalism.org/learn-what-we-do>

If you would like to follow Texas Security Bank on LinkedIn to see where we go in this journey;

<https://www.linkedin.com/company/texas-security-bank/?viewAsMember=true>

Also, visit our website at www.texassecuritybank.com to enjoy all the exceptional training content for business owners and their key players.



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