



Hello! Welcome to another special issue of *The Shepard Letter*! This issue is packed with some of the "best of the best" from my most recent *Shepard Letter* and blog postings. These tips, ideas and strategies are designed for everyone at any level of business. At Shepard Presentations

our goal is to help individuals and companies build loyal relationships with their customers and employees. The bottom line is that we want you be more successful at what you do.

Some of the highlights of this Special Report include the announcement of my latest book, *The Cult of the Customer* (due out in April 2009), a feature article on page eight on The Loyalty Formula, the recap of my Hall of Fame induction and much more.

Finally, if you would like to use these articles for your own company or industry publication, let us know. Some of our clients e-mail the articles to their employees once a week as a training tool. And, there are additional articles on our website. We usually grant permission for use as long as you include bio/contact information and send us a copy.

Sincerely,

Shep Hyken, CSP, CPAE  
Shepard Presentations, LLC

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## Start an Amazement Revolution

Whatever is happening on the inside of your company is the same as what your customers will experience on the outside. Is your company in "alignment?" Does every employee understand your vision or brand promise? Do employees love their jobs? Shep's newest book, *The Cult of the Customer* will help you start an amazement revolution. The book is filled with lessons, strategies and case studies that will show you how to build a customer service culture that will make your customers and employees say, "Amazing!" Turn to page three to learn more about this important book.

Shep Hyken is a professional speaker. His main topics focus on customer loyalty and service, internal service and a motivational presentation called "You Are The Magic!" This special report is dedicated to giving the reader good ideas and information on a number of different subjects. For more information on Shep Hyken and his programs, phone (314) 692-2200, e-mail: shep@hyken.com. (www.hyken.com)  
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## Lousy Rules – Lousy Decisions

I've always been against a corporate rule or policy that punishes or inconveniences innocent or honest customers. Every once in a while I'll hear about a policy that was made as a result of one or two bad incidents that ruins it for the rest of us.

Not long ago I read a somewhat humorous article in the St. Louis Post Dispatch (October 6, 2007 edition). It seems that Delta Air Lines told one of their passengers that she would have to buy two tickets for her conjoined one-year-old twins. The little infants could fit in one seat, but Delta's position was that if there was an emergency that required oxygen masks, each child would need their own masks. I

actually agree with this. But the humorous part of the article stated, "Presumably the principle is... Jeez, if we gave you a break think of all the masses of infant conjoined twins who'll be trying to ride on one ticket."

This wasn't the case of someone trying to take advantage of a company. However the response made me think of this valuable lesson.

**LESSON:** Focus on the good customers, not the bad ones. Make it easy on your good customers, and don't "punish" them because a few bad people took advantage of you. No matter what rules you put in place, the "bad people" will always work to find a way around them.

## Mundane to Magic

*USA Today* had a great article on customer service titled "Service with a Style." The Ritz-Carlton in Chicago was the example. A cab pulled up to the hotel and the doorman opens the passenger's door and calls the unannounced guest by his name. He had never ever seen the man before. How did he do it? "I peeked at the luggage tag," the doorman said with a grin.

This is a great example of taking the mundane and turning it into a *Moment of Magic*®. In some of my seminars, we go through an exercise that helps our clients create magic from the mundane. Here is an abbreviated version of this exercise.

First, create a list of the encounters your customers have in a typical, for lack of a better term, transaction. For example, at the Ritz-Carlton a guest drives up in a cab (as in the above example), the guest enters the hotel and is greeted, checks in at registration, stands in line at the restaurant for breakfast, etc. Take a look at these ordinary, possibly mundane interactions, and brainstorm how to add something to one or two of these interactions to make them special.

You saw how the doorman made helping a man out of a cab a special experience. Where can you do the same thing in your business? Take a look at something that seems like an ordinary interaction with your customer; the way you answer the phone, greet a customer when he walks through your doors, etc. It could be just about anything. Then, brainstorm how you can turn it into something better than ordinary. It doesn't have to be amazing, although sometimes it will be. Regardless, it will be a...

*Moment of Magic*®!

### About Shep Hyken

Shep Hyken, CSP, CPAE is a professional speaker and author who works with companies and organizations who want to build loyal relationships with their customers and employees. Early in his career he was hailed as one of the top entertainer/magicians working the corporate field. In 1983 he made the transition from entertainer to speaker, blending his entertaining talents with topics on service. His presentations focus on the customer experience, customer loyalty/service, internal service and motivation. Shep combines information and entertainment (humor and magic) to create exciting programs for his audiences.

Shep has worked with hundreds of companies and associations ranging from "Fortune 100" size corporations to smaller organizations with less than 50 employees. Some of his clients include American Airlines, Anheuser-Busch, ARA, AT&T, AETNA, Abbott Labs, Avis, Applebee's Restaurants, American Express - and that is just a few of the A's!

Shep is the creator of *The Customer Focus*™ programs which help companies build a customer service culture and a customer loyalty mindset. More information about this program can be found at [www.TheCustomerFocus.com](http://www.TheCustomerFocus.com).

Contact Shep to find out more about his programs and products.

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# The Cult of the Customer

Shep Hyken's Newest Book Now Available

Order and receive special gifts.

### What is *The Cult of the Customer*?

It is a culture that focuses on creating an amazing experience for both employees and customers.

This book will take you through the five cults or phases that all companies must go through to create an experience that turns your satisfied customers into customer evangelists. These customers aren't just loyal. They become your advocates. They give unsolicited testimonials and referrals. They become extensions of your marketing and sales departments.

Here you will find dozens of min-case studies and lessons that will guide you through a process that develops an employee culture dedicated to creating an exceptional service experience, both inside and outside of your company. You will have access to forms and worksheets that will help you implement the ideas and strategies. This is a "how to" guide, filled with lessons, that will take you and your company into the *Cult of the Customer*... the cult you want to belong to!

*At Zappos.com, we've always recognized that customers need to be more than satisfied — they need to be WOW'ed! Shep recognizes this as well in his book, and gives plenty of examples of how different companies go about creating WOW experiences.*

**Tony Hsieh, CEO  
Zappos.com**

*Ultimately, we want loyal customers - not just to our brand, but also our dealerships. "The Cult of the Customer" teaches how to get customers, in virtually any business, to come back again and again.*

**Mike Rencis, Customer Service Operations Manager  
Toyota Motor Sales, USA**

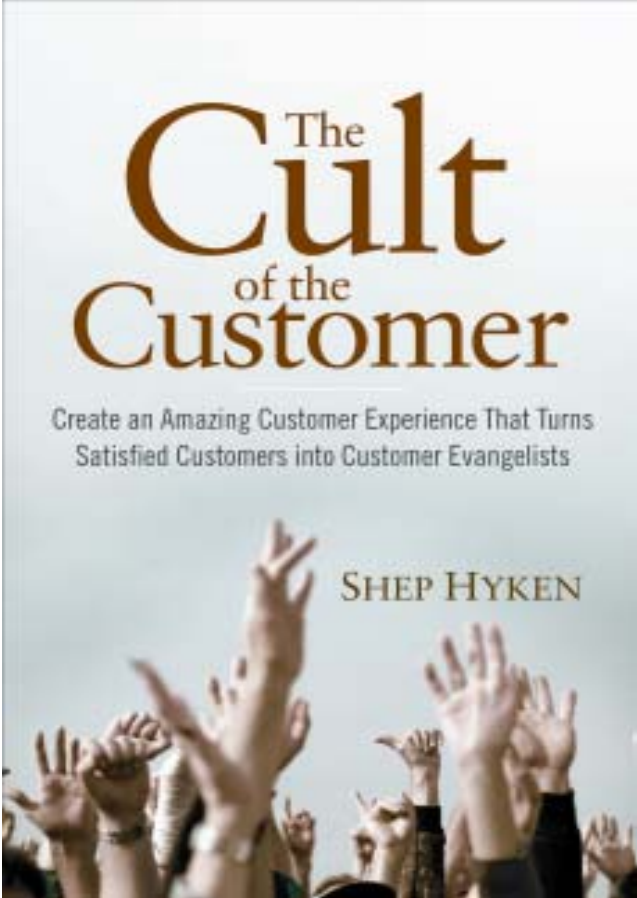
**The Cult of the Customer**

**Hardback 256 Pages**

**Published by Wiley**

**Retail: \$21.95**

**Call for special pricing and pre-order incentives.**



*Years ago Shep Hyken defined a new standard for outstanding customer service through showing us how to create Moments of Magic. The Cult of the Customer expands on his previous work in ways both evolutionary and revolutionary, moving beyond "moments" to forming a culture of customer experience that creates not only advocates but "Evangelist" for you, your business and your brand. If this is your Vision then this is your book!*

**Barry Knight, President  
NEXT Financial Group**

**Order your book(s) today and you will receive several valuable extra's. I promise it will be worth your while!**

**Go to: [www.CultOfTheCustomer.com](http://www.CultOfTheCustomer.com)**

**or**

**Call: (314) 692-2200**

**[shep@hyken.com](mailto:shep@hyken.com)**

# Sell the Sizzle and the Steak

Morton's, the upscale restaurant chain, claims to sell the "best steak anywhere." I won't argue with that. It is consistently excellent, as are the rest of their menu items. However, they have much more to offer than just an excellent meal. They are a fine example of Amazement in Action.

Several years ago I had the privilege of being a speaker at the Morton's annual managers meeting. As a result, I was given a look behind the scenes of a first class operation. There is a lot that goes into creating a great meal. The food and preparation are a big part of it. But, without the service, they are just another steakhouse.

Recently I heard their Chairman/CEO/President, Tom Baldwin, speak about Morton's and some of their business philosophies. Here's two very powerful lessons that can be adopted to any business.

1. Tom has the belief that the road to good service is "mistakes well handled." In other words, no matter how great you might be, one mistake not handled well, can destroy the brand

promise. The Morton's strategy for handling problems is simple. Don't let the problem walk out of the restaurant. Deal with it right away,

quickly and to the satisfaction of the guest. Restore their confidence in Morton's.

2. The Morton's marketing strategy is simple. Rather than invest millions in advertising, Morton's relies on their 5,000 person marketing department. That's all of their employees. Each employee recognizes that they play an important role in creating a great guest experience. When the marketing department (all employees) does their job, then the guests become walking advertisements for the Morton's chain. In short, Morton's creates evangelists – people that brag about the great experience they get at Morton's.

So, there are two lessons; one customer service strategy and one marketing strategy. Don't let the



*Doesn't this Morton's Steak look delicious!*

simplicity of these strategies fool you. They are powerful and they work.

# Quick Tips

## Are You Easy to Buy From?

How many ways can your customers buy what it is that you sell?

Domino's just announced a new way to order pizza. Up until recently, there were three ways you could order a Domino's pizza; place your order on the phone, on their website or on location. Now if you own a TiVo digital video recorder, you can now order a pizza direct from your TV. When customers see a Domino's ad, they will be able to click "I want it" from their TV (TiVo) remote control. In about 30 minutes a piping hot Domino's pizza will be delivered.

**LESSON:** Look for non-traditional ways/channels of selling your products or services. Options make it easier for customers to buy from you.

## Customer Inertia Is Not Customer Loyalty

Does your customer really want to do business with you? Don't confuse inertia with loyalty.

In some businesses it may be easier for customers to put up with a mediocrity rather than go to the difficulty of switching to another vendor. Customers just tend to put up with poor service and results, as long as it doesn't get too bad. They just keep "rolling" along. That's just *inertia*.

**LESSON:** You don't want customers to stay with you just because it is easier. You want them to stay because they want to. Because you are that good!

### **DISCLAIMER!** There may be errors in this newsletter!

Any errors or "typo's" that you find were also found by us less than one hour after this newsletter went to print. As far as spelling is concerned, Mark Twain once said, "I feel bad for the man that can't spell a word more than one way." This "disclaimer" appears in each issue to remind you that no one (especially us) is perfect.

# Anti-No

The other night we went to dinner with some friends. The server suggested we split some appetizer, one of which was a shrimp dish with three large barbecued shrimp. My friend said, "There are four of us. If we paid extra, do you think they could put another shrimp on the plate?"

The server smiled and replied, "We are a 'don't like to say no' kind of restaurant. Of course we can put an extra shrimp on the dish."

What a refreshing response. My friend's question seemed reasonable. The answer was perfect. I've been to enough restaurants to realize that sometimes the most reasonable requests are looked upon as an inconvenience. Not here.

My friend said, "Shep, you should put that in your newsletter."

As we talked more about our outstanding server, we came up with a name for the "don't like to say no" attitude. It is simple:



## Anti-No

I can visualize the logo - a big red circle with the word "NO" in the middle and a red line through it. How about a sign that says, "You are entering the Anti-No Zone!"

Maybe it is impossible to always say "yes." But, understanding the philosophy of avoiding the word "no" can be another way to deliver great service, create

confidence, avoid Moments of Misery™ and create Moments of Magic™.

Could "Anti-No" work for you?



*"...a clearly written, specific guide to making the best of customer contact situations... this is excellent hands-on advice..."*  
Michael LeBoef, Author  
*How to Win Customers and Keep Them for Life*

## Moments of Magic™

*Be a Star With Your Customers and Keep Them Forever!*

This is Shep's #1 selling book! *Moments of Magic™* is a clearly written, easy-to-read, easy to understand guide to customer service, and is for anyone in any job. Filled with information, techniques, and stories that make a point, this book will teach you and everyone in your organization to deliver excellent service to your internal and outside customers.

Chapters in this book cover Moments of Truth/Misery/Magic, how to build stronger relationships, complaining customers, meeting and exceeding expectations and much, much more.

Some people say it is common sense. Some say it is good sense. The information in this book makes sense. Most important, the information is simple, direct and can be implemented immediately.

158 page book..... \$12.95

# Shep Hyken Inducted into Hall of Fame

New York - August 4, 2008 - Shep Hyken, CSP, CPAE was inducted into the National Speakers Association Hall of Fame. The gala event was held at the New York City Times Square Marriott Marquis.

Almost 2,000 speakers attended the awards gala. Each year up to five speakers are awarded this honor. This year's recipients in-

cluded Jeffrey Gitomer, Jeff Blackman, LeAnne Thiemann, and Giovanni Livera

Shep was honored that his close friend, Dr. Tony Alessandra, introduced him. The focus of Shep's acceptance speech was on intentional significance. "I hope that I've been significant to my clients and the audiences that I've had the honor to present too. But, have I been significant to my community?" While Shep is involved in several charities, he plans to look for more opportunities to give back to the community by donating some of his speaking fees to important charities.

Past recipients include President Ronald Reagan, Colin Powell, Zig Ziglar and



*Shep celebrates on Times Square.*



*Shep proudly accepts the CPAE Speakers Hall of Fame award.*

Ken Blanchard.

"This was one of the highlights of my professional career," Shep says of the evening. "Mom was proud!"

## Moments of Magic™ Audio CD's

These two audio CD's will take your customer service to a higher level.

Part One is titled *Moments of Magic™ - Be a Star With Your Customers and Keep Them Forever* and is based on Shep's highly rated concept, "Creating a Moment of Magic."

Part Two is titled *Moments of Magic™ - The Loyalty Factor* and discusses some of the differences between customer service and loyalty. It also includes an audio version of Shep's famous "Cab Driver Story."

Both of these Audio CD's are filled with simple, yet effective, strategies that are easy to implement.

Moments of Magic™ Part One.....\$14.95  
 Moments of Magic™ Part Two.....\$14.95

**BOTH For Only.....\$24.95**



# What Matters to the Customer

You are taking a flight on any airline – it doesn't matter. Couple of questions:

1. *Would you rather have an extra couple of inches of leg room, or know you arrive at your destination on time?*

2. *Would you rather have a meal, or know your luggage will show up on the baggage carousel when you arrive (undamaged)?*

Most of us reading this are aware the airline industry is in tremendous turmoil. It seems every blog, consumer website and speaker (myself included) tells the woeful stories of the airlines. But put any feelings (both negative and positive) aside and consider this fact. According to research from University of Nebraska and Wichita State University in their annual Airline Quality Ratings survey, the highest

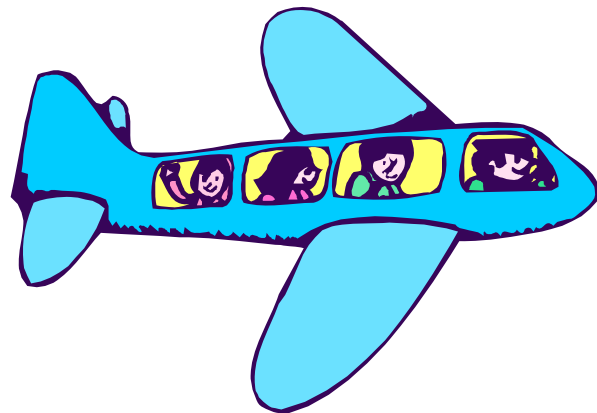
rated customer service airlines are Southwest, Air Tran and JetBlue. These are the budget airlines, where amenities are literally, in some cases, peanuts, but reliability trumps the major airlines.

Many of us would sacrifice a few amenities to know our flight will arrive on time and our checked bags will show up. What that means is that we want and value reliability.

It is reliability that defines customer service in the airline industry.

Here is the lesson. On the surface, most of us would think customer service for an airline comes in the form of amenities; bigger seats, meals, etc. Of course the employ-

ees have to add to the pleasant experience. However, it turns out that is not what customers want. They want reliability. The customer defines what is important. Do you know what matters most to your customers? Don't guess. Don't make assumptions. Find out, and then don't just meet their expectations. Exceed them!



## Moments of Magic™ 101 - Video Based Training DVD

You can now load a DVD into your computer and have Shep Hyken talking directly to you about how to deliver excellent service that leads to loyal relationships with your customers and clients. First you will be exposed to the *Moments of Magic™* concept. Then you will be taken to one of Shep's live performances to experience the famous "Taxi Cab Story," which delivers a valuable lesson on how to develop customer loyalty. Then Shep delivers six specific strategies that include: The First Impression, Under Promise and Over Deliver, The Satisfied Customer Is Not a Loyal Customer, The Customer Is Not Always Right, Loyalty Is About the Next Time - Every Time and Appreciation.

Also included on the DVD are PDF files of the workbook, some of Shep's articles, special reports and more.

Contact us for pricing on group training.

22 Minute Training DVD.....\$69.00



# The Loyalty Formula by Shep Hyken

## The Customer Loyalty Formula

**Customer Loyalty =  
Great Service + Confidence**

Great service is a given. You won't keep a customer if you don't support what you sell with great service. Creating confidence comes from your customers experiencing consistent levels of great service - every time they have any contact with you. Delivering great service once isn't difficult. Doing it all the time is. And, it is the consistency of great service that builds customer confidence in you and your organization, which in turn will eventually create loyalty.

People think customer loyalty is about a lifetime. It isn't. *Customer Loyalty is about the next time - every time.* Customers usually have a choice. So, what are you doing today that will make your customer, the next time they want what it is that you sell, do business with you instead of one of your competitors?

Here is a great Customer Loyalty Strategy: *Create a Demanding Customer*

Your goal should be to be so good at what you do that if your customers were to go to your competitor and ask for the same level of service, your competitors would find the customer demanding.

One of my clients owns a buffet restaurant. On certain nights they serve fried shrimp. One of the guests came in on a night that they didn't have fried shrimp. That didn't stop the manager from going in the kitchen and preparing a special order just for that special guest. Imagine that guest going to

another restaurant and asking for something that's not on the menu.

Perhaps that other restaurant might find that guest a bit demanding.

What are you doing that your competition might find a little extreme? That's what creating a demanding customer is about.

## The Employee Loyalty Formula

After reading the article on the customer loyalty formula, Glen Schmidt, one of our Shepard Letter readers, emailed a question about employee loyalty. I asked our readers to fill in the blank for a employee loyalty formula.

**Employee Loyalty =  
Appreciation + \_\_\_\_\_**

Well, we received hundreds of responses. I will give you my take, and then share with you the other responses.

While some of the answers were obvious, there were many comments that were quite impressive and insightful. The most popular responses were respect, empowerment, trust and recognition. Compensation came up as a fairly popular word, but not nearly as much as recognition and trust.

Over the years I've seen surveys conducted by numerous sources that indicated that compensation was not nearly as important as appreciation and recognition, and the SL Readers' responses confirm that. Tangible compensation comes in the form of benefits and "take home pay." Still, based on some of the comments received, fair financial compensation is a must. Fair doesn't mean high. It means enough. Appreciation, recognition

and trust seem to be more important.

My observation is that outside of the fair compensation, you can bundle all of the other words into one. And that word is: Fulfillment.

If an employee feels appreciated, trusted, empowered, rewarded (non-monetary), has a positive environment to work in and has good management to work with, then he/she will probably feel fulfilled. Compensation comes in behind fulfillment. Although the employee should feel fairly (not necessarily highly) compensated. So it can be said:

**Fulfillment = Employee  
Loyalty**

Now it is up to you to decide what fulfillment means.

## The Employee Loyalty List

On the opposite page are words and phrases that our *Shepard Letter* readers sent in for the *Employee Loyalty Formula* survey. There were several hundred responses, many of them duplicates (respect, trust, empowerment, just to name a few), yet I only listed each word or phrase once.

***Loyalty isn't  
about a lifetime.***

***It's about the  
next time - every  
time!***

**-- Shep Hyken**

Accountability  
 Acknowledgement  
 Authority  
 Autonomy  
 Awesome Customer Service  
 Being Part of a Winning Team  
 Buy-In (Belief in your company's direction)  
 Career Development  
 Caring  
 Cash  
 Challenging Assignments  
 Commitment  
 Communication  
 Compensation  
 Consistency  
 Consistent Managerial Guidance  
 Continuous Coaching/Training  
 Contribution  
 Creating Opportunity  
 Dedication  
 EQ - Emotional Quotient  
 Employee Confidentiality  
 Employee Engagement  
 Employee Ownership  
 Empowerment  
 Encouragement  
 Engagement  
 Fair Market Monetary Compensation  
 Fairness  
 Feedback  
 Feeling of Holding and Belonging  
 Flexibility  
 Fulfillment  
 Generosity (Not necessarily in the

form of compensation.)  
 Genuine Respect  
 Good Listening Skills  
 Great Leadership  
 Growth  
 Healthy Communication  
 Honesty  
 Incentives  
 Inclusive Communication  
 Inspiration  
 Integrity  
 Job Satisfaction  
 Job Security  
 Keeping In Touch  
 Leadership  
 Listening  
 Management Setting the Example  
 Market Value Salary  
 Meaning  
 Mutual Respect  
 Open Communication  
 Opportunity  
 Opportunity to Grow  
 Orientation/Training  
 Ownership (of the job)  
 Partnership  
 Passion  
 Passionate Purpose  
 Personal Growth  
 Positive Feedback In Front of Others  
 Positive Leadership  
 Praise  
 Pride  
 Proper Compensation  
 Public and Private

Purpose  
 Recognition (Verbal, Written and Monetary)  
 Recognition  
 Remuneration  
 Respect  
 Reward  
 Rewards  
 Satisfaction  
 Security  
 Self Determination  
 Sense of Purpose  
 Serving the Employee  
 Sharing Company Vision  
 Showing It  
 Sincerity  
 Skill Development  
 Stability  
 Straightforwardness  
 Support  
 Support from Management  
 Team Building  
 Thank You  
 Tickets (perks)  
 Timely Response  
 Trust  
 Validation  
 Welfare of Staff (Social, Economical)

*Most popular responses were:*  
 Empowerment  
 Recognition  
 Respect  
 Trust

**There were many comments that the Shepard Letter readers sent with their responses. Here are a few (with some minor editing) that you may enjoy.**

Holly Hennenfent owner of Munson Hybrids writes: *“Straightforwardness - As long as you are honest and upfront about issues, good and bad, then your customer and/or your employees can handle anything. No games played is my motto.”*

Janet Woithe of Federal Savings Bank in New Hampshire writes: *“Commitment - This could be the working environment, physical, emotional, financial and overall well being. To making sure employees have the necessary tools to do the job to the best of their ability. To the success of their particular organization and finally, the commitment to their community.”*

Sharla Ault from Bassano del Grappa in Italy writes: *“Positive feedback in front of others - I have a boss who never forgets a birthday, does a tour of the office every morning*

*and has a word for each and every employee, every day. He never fails to tell someone they did a good job, whenever possible in front of others... He is a great role model.”*

Hal Beatty, CEO of Blue Sky Financial Group in North Bay Ontario writes: *“Respect - Our turnover has been relatively low in recent years and I think it is due in large part to the fact we treat our employees with respect.”*

Tim Pleasant from Continental Carbonic in Illinois writes: *“Generosity - Not necessarily in the form of compensation, but of time and genuine concern for an employee's health, family and well being.”*

Colleen Postgate of Gateway Insurance in Ames, IA writes: *“Value - I mean that we feel we are important in keeping the business going - from the custodian to the CEO!”*

Tom Hathcoat of Comcast Cable writes: *“Employee Ownership - If an employee is really going to create excellent moments of truth for customers, then they have to have a piece of*

*the business that is their own - and be recognized for a job well done.”*

Ted Richey of Continental Carbonic writes: *“Stability - Ten pounds of appreciation on a sinking ship will never amount to an ounce of loyalty!”*

Sanjay Bakshi of RBS in India writes: *“EQ - It is the Emotional Quotient which drives the emotional bonding and creates a high degree of involvement, a higher altitude of belongingness, trust and faith that leads to Loyalty.”*

Rick Van Sistine of East Wisconsin Savings Bank writes: *“Passionate Purpose - Employees want to know they are appreciated. Combine that with Passionate Purpose and I believe you'll have a loyal employee. People need to have a purpose in life. Behind every highly successful business is a leader that is very passionate about what they do and why they do it. That leads to the kind of motivated loyal employee that creates Moments of Magic for customers because they have a passionate purpose.”*

# At Zappos.com They Hire Only the Best

How much would it cost for somebody to buy you out of your job?

Well, this is exactly what Zappos.com does. Haven't heard of Zappos? They are an Internet retailer that sells shoes. They are known for their customer service. They pay shipping costs – both ways if necessary. Internally they have a saying. "We are a SERVICE company that happens to sell shoes. And apparel. And handbags. And Accessories. And eventually anything and everything."

I think the first line of their "mantra" sums it up; a service company that just happens to sell shoes. They get it! And, not only for their customers, but also for the employees!

According to an article by Barbara Rose, writing for ChicagoTribune.com, Zappos offers \$1,500 to anyone who wants to quit. They actually offer to buy their new

employees out of their jobs! (Between 2-3% of the people accept the offer.)

You see, Zappos only wants people working there who want to be there. They have an incredibly successful company, and realize that it is not about selling "stuff," but creating an experience that people love. No matter how great their website is, or how great their products are, their people back up the entire customer experience.

According to Tony Hsieh, CEO of Zappos.com, "...in addition to trying to WOW our customers, we also try to WOW our employees, and the vendors and business partners..." And, they do!

Zappos has created a culture that has employees saying, "I love working here." How do they do it? First, everyone knows the "mantra." Second, Zappos trains well. Third, there are really cool perks that WOW the employees. No, not the

usual corporate perks. They have pot-luck lunches, bowling parties, haunted houses at Halloween, holiday decorating, karaoke, picnics, go-carting and much more. The culture is fun. Most important, they have an environment where people can just be themselves.

All of this is a lesson on taking care of your internal customers so you can better serve your outside customers. Zappos is a role model in this area.

So, what do you do to create an environment in your organization, or in your department that has people saying, "I love working here?" Think about what Zappos does. Just Google Zappos and you will not only get a link to their website, but many links to articles and accolades that just might teach you something about creating an environment that says WOW to customers AND employees!

## At Zappos.com They Made Me a Believer

It didn't absolutely, positively *have* to be there overnight, but it was!

Zappos.com takes pride in delivering "WOW" moments to customers.

Recently I placed another order with Zappos.com. Shortly after placing the order, I received the usual e-mail confirmation. However, it shared a piece of very good, totally unexpected news.

Here's what the e-mail said: "Although you originally ordered Standard (4 to 5 business days) shipping and handling, we have given your order special priority processing in our warehouse and are upgrading the shipping and

delivery time frame for your order. Your order will ship out today and be given a special priority shipping status so that you can receive your order even faster than we originally promised! Please note that this is being done at no additional cost to you. It is simply our way of saying thank you for being our customer."

I placed the order on a Wednesday, and it arrived on Thursday - WOW!

Did you notice that Zappos *told me ahead of time* about the unexpected shipping upgrade? That e-mail gave me *two* Moments of Magic®:

1. The moment when I read

the e-mail

2. The moment when the merchandise arrived as promised!

**LESSON:** When you find a way to dramatically exceed your customers' expectations, let them know it – even exploit it. Do it right and you'll get two Moments of Magic® for the price of one.



# Service Recovery

## Love Means Never Having to Say You're Sorry

That may have been true in the 1970 movie "Love Story," but it is definitely not true in the world of customer service – even if your customers love you.

Just recently I've had several clients call to discuss problems they were having with service recovery. While their issues were somewhat complicated, the strategies we discussed were simple and direct. Here are the seven strategies that can help turn a touchy situation with a customer into a confidence building Moment of Magic®.

When a customer comes to you with a problem (assume it is on the phone, but this applies to any situation), take the following steps:

1. Apologize for the problem. (See – you do have to say your sorry!) It may not be your fault, but at this time, you represent your company. It is now your opportunity to show how

good you are.

2. Acknowledge the problem. Ask the customer to repeat the problem, allowing them to vent. Actively listen. Ask open ended questions to get more information.

3. Apologize again! If at this time you realize the customer needs to be talking to someone else, do not simply transfer him/her. The proper hand-off is to bring this other person into the conversation so you can explain the problem. Let the customer become part of a three-way conversation. If you do hand off the problem, jump to Strategy Seven.

4. At this point it is time to move into fixing the problem. Explain how that is going to happen, and go to work to fix it.

5. Make sure you do all of this with the right attitude.

6. Create a sense of urgency. Fix the problem as quickly as possible.

7. Stay in touch and/or circle back. Stay in touch with the customer to let him/her know the progress that is being made. When the problem has been resolved, follow up (even if you handed this off to someone else) to ensure the customer is happy and to give closure to the problem.

The strategies are simple, but the execution may not be. Some problems may take a long time to resolve, while others can be fixed immediately. Regardless of what the problem is, the above strategies are the basics. The end has to result in more than just a fixed problem. You want the customer to say this:

"I love doing business with them. Even when there is a problem, I can count on them."

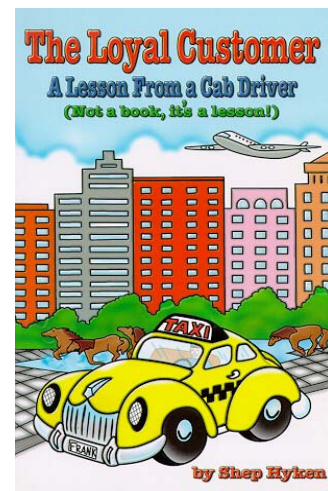
Always remember that service recovery isn't just about fixing a problem. It is also about the renewal of customer confidence.

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## The Loyal Customer A Lesson From a Cab Driver

This may look like a book, feel like a book and cost like a book. But, it is not a book. **It's a lesson!**

If you have heard Shep Hyken's speech, you will remember his story about the cab driver. Shep has put the spoken word into print and summarized what made this man's ordinary business an extraordinary success. The story is very focused. There is only one point - creating customer loyalty. Most important, you will learn how to apply these techniques to your business.



64 page book.....\$8.95

# My Last Lecture by Shep Hyken

When college professor Randy Pausch was told he had six months to live, he delivered his last lecture. It was filled with wisdom from a man who had lived a good life and wanted to leave a legacy; for his students, friends and family. Little did he know that this lecture would become pop culture. I'm sure he wanted to make people reflect on their lives. Well, it worked, at least for me.

If I were told that I had six months to live, and that I could share one last lecture with my friends and love ones, what would I say?

I thought about how I lead my life; what are my personal rules for life. I have no reason to hide them from anyone, not that anyone would care about them to begin with. But, if I could share some of what drives me, then maybe a small part of what I'm saying might make a difference to someone, and they might lead their life a little differently as a result.

So, here are my personal Top Ten Ways I've lived my life.

*1. Be nice to others. When we were young we learned the Golden Rule – Do unto others as you would want done unto yourself. However, I'd like you to take a different twist on this sage advice. Don't just treat them the way you want to be treated. Treat them the way they want to be treated. My friend Tony Alessandra calls this the Platinum Rule. Sometimes it isn't easy to take the high road. However, when you do, it earns you respect and admiration from*

*others. And, it makes you feel good.*

*2. Learn how to forgive. Don't hold grudges. Life is too short. You end up always being angry and stressed out. It makes you bitter and you lose trust in others. The negative energy that comes from harboring a grudge can kill happiness. One strategy is to learn to agree to disagree. This is especially important in your closest relationships. As for grudges, my mother says that I forgive too easily. I find that to be a compliment.*

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**If I were told that I had six months to live, and that I could share one last lecture with my friends and love ones, what would I tell them?**

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*3. Be thankful for what you have. Don't be jealous. It upsets me when someone feels entitled to something, just because others have it. They say, "It's not fair." Take responsibility for your own life and what you have. Jealously, like holding grudges, creates negative energy that kills happiness.*

*4. Remember that bad days only last 24 hours. That's it. Simple as that. The next day is a new day. You can let bad feelings control you, or choose to*

*move on.*

*5. Have goals. It's okay to let fate have a hand in life. Still, do a little planning. It can bring you even more success. Once you've set your goals, focus on what you want to achieve, but make sure to also enjoy what happens along the way. In other words, don't let a goal give you tunnel vision. A lot of extra opportunities will present themselves along the way. Be ready to take advantage of them.*

*6. Create a life mantra. This takes a lot of time and thought. Make one up, live with it for a while, and then be willing to change it. Over time it will get simpler and more concise. The best mantras are one sentence long. Simple to remember and easy to recite. It's hard to sum up something so big into one sentence, but once you have it, you have something special. Mine is: Have fun and make the kids smile.*

*7. Be a giver. Be charitable with your time, talent and dollars. However, while giving money can be important, sometimes giving your talent away is even more powerful. Help others get what they want. Be a mentor to others. Do a good deed for someone else. And, here is the key to really being charitable. Don't expect anything in return. Give and forget.*

*8. Be healthy. Stay fit. You're no good to yourself and*

your family if you let yourself go. While you can't control everything about your health, you do have some control. Take advantage of that. My very unhealthy and heavy-set friend told me that he hates exercise. His doc says that not exercising and taking care of himself will probably take five plus years off his life. His response was, "Those years aren't coming out of the middle, so what does it matter." My response to him was that it isn't just about surviving these years. It is about quality of life during these years. Do your best to stay fit.

9. *The Titanic philosophy of life. I believe in enjoying life. I hate passing up opportunities. Sometimes these joys take effort. It may mean getting up in the middle of the night to see the eclipse, or waking up at 4:00 am. to make sure I get home early enough to be with my family. Or, maybe it is an extra workout so I can enjoy a delicious meal. The Titanic philosophy of life is simply this. Do you know what the fat lady said when she was sinking on the Titanic? Should have had dessert! Dessert is a metaphor for many other joys in life. Don't let them pass you by.*

10. *And, on the subject about enjoying life, live a thousand years. My buddy Giovanni Livera wrote a book about this very subject. Live a thousand years is an old saying, but has validity. According to Gio, there is a real age, what you are in*

*years, and a sage age, the age you are based on your experiences. He even has a test for it. My sage age was 880, which meant I've lived life large, and I want to continue to do so. I love to experience life. From playing hockey with the St. Louis Blues, to jumping out of an airplane with my mother and my son, to hiking the Italian Riviera's coast with my wife, to teaching my fifteen year old daughter how to drive on the highway (Now that was an experience!), the list goes on. Life is truly a journey, so why not enjoy the journey. Sure, there will be sad times and tough times. Those times make the experiences even sweeter.*

So there are my ten strategies to living a good life. Given the fact that I'm healthy, I hope to live a long and happy life. I want to raise happy kids. I want them to know how to be good. I have no regrets to this point, and there is nothing on my list of places to go or things to see that I would regret not having done thus far.

Perhaps Randy Pausch's last lecture will inspire you to create your own list.

Wishing you all of life's magical wonders!

***"Fun is my revenge  
against mortality."  
Dustin Hoffman***

## Ask the Extra Question

Communication may be a cornerstone to delivering great service. One of my favorite strategies is to "Ask the extra question." This ensures you have a better understanding of what your customer wants and expects. This story that happened to me and my colleagues in Washington, DC is a great example of this.

We decided to have lunch at a pub. The menu had some great looking appetizers. Along with our lunch entrees, we ordered several of them. One of the appetizers was mini-hamburgers; three to an order. Well, there were seven of us. I nicely asked the server that since there were three to an order, and there were seven of us, could they make seven and just charge us for it. He said, "No problem."

Out came the appetizers. There were chicken wings, nachos and... seven orders of mini-hamburgers. Not seven burgers, but seven orders of burgers. That's 21 burgers total. At first we were shocked. The server, with an embarrassing look on his face said, "It did seem like you were ordering too much food."

So, why didn't he ask us about it? He admitted it didn't seem quite right. No, he didn't ask the extra question, and we ended up boxing up 15 hamburgers. The good news is that there were some homeless people in the park across the street that had a nice lunch, thanks to our server's lapse in common sense.

**LESSON:** Sometimes people say something and mean something else. Or, you may simply not understand someone. Avoid problems. Avoid confusion. Most important, avoid letting down a customer. Ask the extra question(s).

# Lessons from *The Cult of the Customer*

(Excerpts from *The Cult of the Customer*)

## Sweet!

When guests sit down for dinner at the Italian chain restaurant Brio, they might not be consciously aware that the colored sugar packets at their table are carefully arranged with exactly 12 pink packets, 12 yellow packets, and 12 white packets of sugar. Every time a staff member prepares a table for a new guest, no more and no less than 12 sugar packets for each color are placed in the little sugar containers. Although this may seem like a ridiculous detail to manage, it is not; it is but one example of how important it is to manage *all* of the details of presentation. This attention to specifics sends a subliminal message of order and implies a sense of care for the customer—which helps to ensure that his or her experience is top-notch. In a similar way, Jan Carlzon—the breakthrough leader I discussed in Chapter 11—made an important point about the customer experience to his employees at Scandinavian Airlines. Carlzon emphasized that small details *do* make a difference. For example, a passenger who takes a seat on a Scandinavian Airlines flight and pulls down the tray

table to see a coffee stain might draw negative assumptions about the entire airline. Carlzon recognized that *failing* to execute on the little things can send potentially disastrous messages to customers. When the airline doesn't wipe down the tray tables, they may be sending a false message about how they service the engines. When the restaurant doesn't replenish the sugar and instead leaves crumpled, unsorted sugar containers in the bowl, they may be sending a false message about the hygiene standards in the kitchen!

**LESSON ONE:** Part of a great service experience is in the details. Sometimes those details are almost invisible and may appear to go unnoticed, but they are the little things that help drive the quality experience.

**LESSON TWO:** Not managing even the smallest details can send false messages about much bigger issues to your customers.

## Moments of Magic™ by Shep Hyken and Michael Lagaocki



Shep Hyken - [www.hyken.com](http://www.hyken.com)

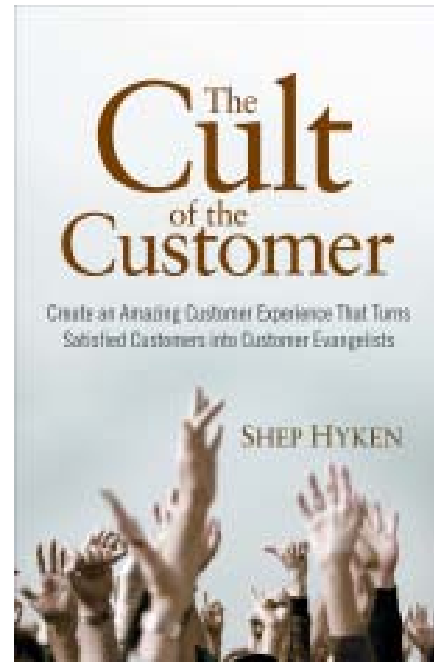
# Hospital Sends Thank You Note

Not long ago, my wife had minor surgery. Just three days after the surgery—which was a complete success—she received a thank-you card from the hospital. The card came signed by Phyllis Austin, Director of Surgical Services, and it thanked her for choosing Missouri Baptist Medical Center. The card also included handwritten notes from two of the nurses and wishes for a quick recovery from several people on her OR team.

In today’s competitive business marketplace, even hospitals have to compete for business in a way that’s never been necessary before, and Missouri Baptist Medical Center gets this. I was particularly impressed with this gesture because it supported a larger culture of the *people-first* type of patient care at that institution. To quote the Robin Williams character Patch Adams in the film with the same name: “You treat a disease; you win, you lose. You treat a person; I’ll guarantee you’ll win.”

**LESSON ONE:** Thank-you notes are powerful. Use them.

**LESSON TWO:** The human side of business is almost always more important than the operations side.



# Trust Your Customers

There’s a wonderful independent movie theater chain in St. Louis owned by a great guy named Harman Moseley. One night, my wife and I were in line to see a film at one of his theaters. We’d already bought our tickets and were moving forward into the theater. My wife stepped away from the long line for a moment to use the restroom. When she came back, she realized she’d left her ticket next to the sink when she washed her hands. Of course, when she went back to get the ticket, she couldn’t find it. By the time she returned, she was feeling stressed because we were almost to the front of the line, and we were short one ticket.

Fortunately, there wasn’t a problem. As luck would have it, Harman Moseley himself was standing there taking customers’ tickets. When we explained our predicament to him, he smiled and said, “We trust our customers!” And he waved us through.

**LESSON:** Most customers are honest. All too often, rules and regulations are written with dishonest customers in mind. Consider rules that favor honesty. Look for ways to give your customers the benefit of the doubt.

<b>Moments of Magic™</b> – 158 page book..... \$12.95 Shep's #1 seller! This is a clearly written, easy-to-read, easy to understand guide to customer service, and is for anyone in any job. Filled with information, techniques, and stories, it will teach you and everyone in your organization to deliver excellent service to your internal and outside customers.	<b>The Loyal Customer - A Lesson From a Cab Driver</b> .....\$8.95 In this short book/lesson you will learn the difference between a satisfied customer and a loyal customer. Frank is a cab driver who knew that satisfied customers might give him a nice tip, but loyal customers would call him every time they needed a cab. Read this book and learn the secrets to creating <i>customer loyalty!</i>
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<b>Moments of Magic™ 101</b> - 22 minute DVD with workbook, articles and more.....\$69.00 Shep Hyken talks directly to you about delivering excellent service that leads to loyal relationships with your customers and clients. First you'll learn about the <i>Moments of Magic</i> concept. You will then go to one of Shep's live performances to experience the famous "Taxi Cab Story," which delivers valuable lessons in customer loyalty. Finally, there are six specific strategies that include: The First Impression, Under Promise and Over Deliver, The Satisfied Customer Is Not a Loyal Customer, The Customer Is Not Always Right, Loyalty Is About the Next Time - Every Time and Appreciation. Also included are links to PDF files of the workbook, some of Shep's articles, special reports and more. (Contact us for pricing on group training.)	
<b>The Cult of the Customer</b> - 256 page hardcover book (Due out in April 2009).....\$21.95 In this book, Hyken shows how to design a strategy that leads both customers and employees through five distinct cultural phases – from "uncertainty" to "amazement." By presenting dozens of case studies that show how great companies made this journey, Hyken identifies the critical internal and external changes that allowed them to build a Cult of the Customer – and shows how you can do it too. <i>The Cult of the Customer</i> is your guide to creating a customer-focused culture that turns satisfied customers into customer evangelists.	
<b>The Customer Focus Training Program</b> - In addition to Shep Hyken's speaking programs, his company offers an amazing customer service/experience training program. The Customer Focus training program helps companies who want to create a stronger service culture that builds loyal relationships with their customers and a better environment for their employees. The Customer Focus In a Box is for companies who have their own facilitators. Pricing starts at \$1,795 for ten participants. Additional participants are \$99/per person. We can also have one of our trainers deliver the program at your location(s). Visit <a href="http://www.TheCustomerFocus.com">www.TheCustomerFocus.com</a> or call us at (314) 692-2200.	

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