



## Michelli's Musings on Mirthful Matters

What's going right...

### Customer Service is Nice but Show Me the Money

Raise your hand if you are AGAINST delivering excellent customer service! I thought so. Almost everyone in business talks about "wanting" service excellence yet we all know for some companies, execution on that desire is a bit lacking. Frequently, the breakdown occurs when it comes to spending money to back-up those pretty service words. In order to assist you make a business case for the value of continuing to invest in extraordinary customer service, I thought I would share a few findings that I have been writing about lately:

Even in difficult times 50% of consumers will pay more for a better service experience.

Only 14% of customers report that they leave a business for product reasons.

68% of clients sever a customer relationship because a staff member treated them poorly.

Companies successful in creating both functional and emotional bonding with customers had higher retention rates (84% vs. 30%) and greater cross-sell ratios (82% vs. 16%) compared to companies that did not.

The average value of a customer is 10 times their initial purchase.

The cost to attract a new customer is 6 times the cost to save one.

Low service-quality companies average 1% Return-On-Sales and lose 2% market share per year.

High service-quality companies average 12% Return-On-Sales and grow 6% per year.

Of course, I think the best argument of all is that "service is the right thing to do," whether that is in a business context or in any human interaction! He/she who serves well lives a life of significance!

### News and Resources

I am proud to announce yet another book project. The book with the working title "**The Zappos Experience: 5 Leadership Principles for Serving Billion Dollar Outcomes**" will be a lead business book for McGraw-Hill in the fall of 2011. I welcome any stories or insights you would like to share about Zappos for possible inclusion in that book.

I have completed the manuscript on my book about elevating the patient experience at UCLA Health System. At present the title has been revised to "**UCLA's Healing Humankind...One Patient at a Time: Business Lessons for All From a Leader in Patient Care.**" The proceeds of the UCLA book will be donated to a worthy treatment program. Look for more details on that UCLA program and the release date of the book in the next newsletter.

## **Next Newsletter**

I will visit your inbox in 3 months. In the meantime, please know that I am grateful for your support and continued interest.

In your *service*,

*Joseph*