



The Gospel According to Carl



When Carl Sewell joined the family firm in 1967 it was third out of three Cadillac dealerships in Dallas. Today it's the biggest in America, \$450million big, and all built on Sewell's Ten Commandments of Customer Service. His principles work across the full market spectrum from Chevys to Cadillacs and from Hyundais to Lexuses and will almost certainly apply just as well to solicitors, utilities, hotels, supermarkets - or any other business that wants its customers to keep coming back. In fact, 'Customers for Life' is what Carl Sewell has called his excellent book explaining the Ten Commandments (see below). In this article Nigel Hill examines some of the amazing customer service feats that have been perpetrated in their name.

The Ten Commandments of Customer Service

1. Bring 'em back alive

Ask customers what they want and give it to them again and again.

2. Systems not smiles

Saying please and thank you doesn't ensure you'll do the job right first time, every time. Only systems guarantee you that.

3. Under promise, over deliver

Customers expect you to keep your word. Exceed it.

4. When the customer asks the answer is always 'yes' Period.

5. Fire your inspectors and consumer relations' department

Every employee who deals with clients must have the authority to handle complaints.

6. No complaints? Something's wrong

Encourage your customers to tell you what you're doing wrong.

7. Measure everything

Baseball teams do it. Football teams do it. Basketball teams do it. You should too.

8. Salaries are unfair

Pay people like partners.

9. Your mother was right

Show people respect. Be polite. It works.

10. Japanese them

Learn how the best really do it; make their systems your own. Then improve them.



Sewell claims that his most important decision was resolving to be the best - initially the best rather than the worst performing dealership in Dallas. As well as galvanising everybody, he claims it's made all decisions much simpler ever since because all business decisions have been made on the same basis - "will doing this make us better? If it will (and if there's any conceivable way to afford it), we'll do it. If it won't we don't." All he had to do then was decide how to do it. He soon abandoned price as the way, pointing out that there will always be someone who'll charge less, 'because they're smarter (they've figured out a way to be more efficient) or dumber (they don't know what their costs are)." To help him decide, Sewell decided to consult customers who soon told him what they didn't like, from inconvenient 8-5 opening hours to rude employees and from poor cleanliness to having to bring their car back because the repair hadn't been done correctly. Especially the last one.

Having understood what was important to customers, Sewell set out to do best what mattered most. He extended the opening hours to over 12 hours a day and all day Saturday. He introduced loan cars - they now have 300. Most importantly he learned from the best (see Commandment 10) to get things right first time for the customer. In other words, they got the basics right. And that's always the best way to satisfy customers.

For a little more insight into the workings of this paragon of customer satisfaction, let's briefly examine the Ten Commandments.

Commandment 1.
Bring 'em back alive
 "The customer will tell you how to provide good service"



When he had only one dealership, Carl Sewell was a great believer in MBWA (Management By Walking Around) but once his sites started to increase he realised he couldn't spend enough time wandering around each location, so he now uses the customers as his eyes and ears. Listening to customers involves a very short 3-question card that all customers are asked to complete whilst waiting to pay, a 49 question postal survey (that gets a 35% response rate) and focus groups. Sewell believes what the customers say and acts on it, replacing the general manager at Hyundai when it came to light (through focus groups) that service customers were dissatisfied with the availability of loan cars.

Commandment 2.
Systems not smiles
 "Systematic approaches are 80% of customer service"



Sewell is very dismissive of customer service gloss - smiles, "have a nice day", answering the phone in two rings etc. He's adamant that what customers really

"If customer service were a cake, the politeness, smiles and willingness to go the extra mile would be the icing. The cake would be the systems that allow you to do a good job."

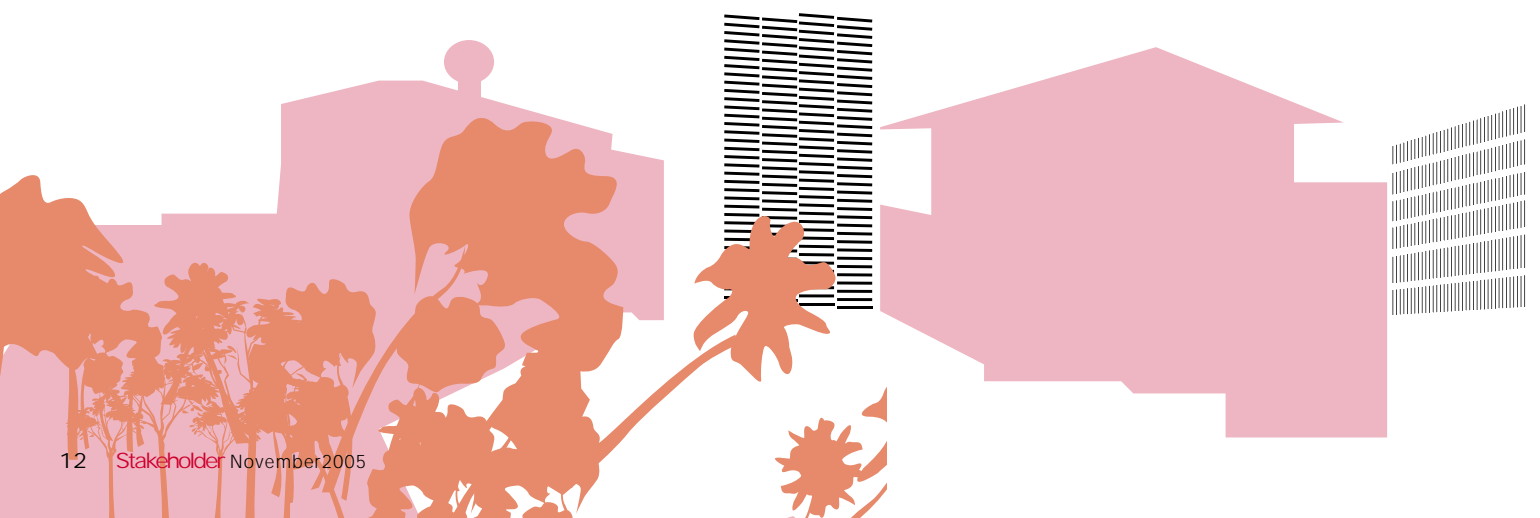
want you to do is get the basics right, and for that you need systems. Systems for doing things right first time, and systems to recover quickly, at minimal inconvenience to the customer if you don't. Most of these Sewell copied not from other dealerships but from manufacturers, the organisations he considered best at systems (See Commandment 10)

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Commandment 3.
Under promise, over deliver
 "Always present a bill that at the very least is \$1 less than the estimate"



At Sewell they add a 10% cushion to estimates so they always meet the "at least \$1 less" rule. This either allows them





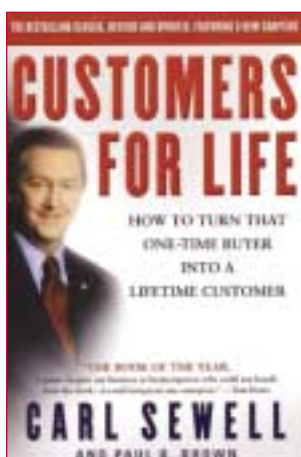
to do extra work *"for nothing"*, if they see something that needs doing or, if the job is plain sailing, reduce the final bill by the full amount of the 'cushion'. They don't worry about putting off the people who shop around as they will probably always be switchers, going to whoever is charging a few dollars less. Sewell's strategy isn't to be the cheapest. It's to be the best.

Commandment 4.
When the customer asks the answer is always 'yes' or "Sure thing"



Part of Sewell's strategy of being the best is to make the customer's life as easy and hassle free as possible - a great benefit to many of today's time poor consumers. If a good customer loses his keys and locks himself out of his car, the business will go and sort it out, whatever time of day or night, and without thinking about the cost. That almost always results in a customer for life. As Sewell points out, the cost of a typical radio ad is probably twenty times greater than the cost of getting that customer back on the road - and how many customers for life will they get from a radio ad?

"If we're able to help our customers they'll want to do business with us again and again"



Updated in 2002, "Customers for Life" has sold over 800,000 copies worldwide. There are many stories of successful business leaders using it as their bible and buying copies for all their staff. It is eminently readable with short chapters, plenty of anecdotes and no management science gobbledegook. Just common sense principles that work. At £7.53 from Amazon it works out at about 3p per page! It's hard to think of a better £7.53 you'll ever spend.

Commandment 5.
Fire your inspectors and consumer relations' department
"Don't pay people twice for the same job"



At one time Sewell believed that the way to guarantee right first time quality for the customer was to inspect everything. He later realised that it makes people take less pride in their work because somebody's always going to check it before it goes out. In addition, the business records and investigates every single return or problem and wherever possible fixes the system as well as the problem to minimise the chances of a repeat occurrence. And the mechanic, salesperson, or whoever was responsible for the original job deals with the customers and personally takes ownership of solving the problem, hence no customer relations' department.

Commandment 6.
No complaints? Something's wrong.
"Criticism from customers is more valuable than praise"



Believing that customers take good service for granted but really remember how you handled a problem, Sewell treats every complaint as a serious one. However minor a complaint is to the supplier it is serious to the customer because they've got all the unnecessary

hassle of sorting out something that should have been done right first time. Sewell's two golden rules are first, apologise, then fix the problem immediately. Both done by the mechanic, or salesperson who was initially responsible. They don't believe in letters, and only very rarely in bunches of roses for really big problems, maintaining that a genuine apology and immediate rectification is what most customers really want. Sewell's final advice on complaints is to make it easy for customers to complain and build a culture where everyone sees complaints as an opportunity to improve.

Commandment 7.
Measure everything
"Accounting for more than money"



People like keeping score and companies need to keep score. Obviously on the money but also on anything else of importance to the objectives of the business. Of course, objectives have to be fair and realistic (individuals must not be given too many objectives) but they must also be measurable. It's not enough to encourage people to do their best and hope it will be good enough, so you have to have objective measures for all the key result areas and make them public and prominent within the business. Assuming you want to develop rather than stagnate or decline, you also have to keep raising the bar.





"People are naturally competitive. They'll try to exceed whatever goals are set for them, whether or not they're paid more. The secret is to set goals that are in the best interest of the business"

Commandment 8. Salaries are unfair

"Pay more willingly - but that extra money is not a gift"



Very strenuous recruitment procedures result in the best people who get paid more than they could earn elsewhere but really do have to earn it. Sewell really does pay for performance advocating that everybody should be on "commission, piecework or a percentage of the net". Pay for performance also extends to staff not being paid for any rectification work. People not comfortable with the totally strict performance-related pay scheme will end up working elsewhere, for a non-

performance related salary. By contrast, the sky should be the limit for the earnings of those who really contribute to the success of the business.

Commandment 9. Your mother was right

"If you want employees to be polite to your customers, you have to be polite to your employees"



As we said earlier, the smiles are only the icing on the cake, but that does not mean that staff shouldn't smile. Just the opposite in fact, because customers always appreciate it when you go the extra mile - friendly welcome on arrival, carry things to their car for them etc. Sewell tells many stories of lapsed customers who returned, not because they didn't like their other car but because they didn't like the way they were treated by the dealer.

Commandment 10. Japanese them

"Borrow, borrow, borrow. Why re-invent the wheel? Just improve it"



Examples of Sewell's borrowings include hard wearing floor tiles used by

McDonald's, a staff sales incentive scheme modelled on American Airlines AAdvantage programme, booking in systems from Marriott and cleanliness from Disney. Ideas usually need to be adapted for the business, but benchmarking outside your industry will help you to deliver better results for customers as well as gain a competitive advantage.

The \$332,000 customer

Sewell's 10 Commandments all stem from his belief in Customer Lifetime Value - the 3Rs of retention, related sales and referrals. At Sewell, the right customers are worth \$332,000 each. So as well as having systems and a culture that delivers results to all customers, you really need to know who the \$332,000 customers are. This applies to recruitment (don't recruit the price sensitive switchers) as well as retention. Everybody should know who the best customers are and should make sure that everything is just right for them. Then they keep coming back as well as recommending you to their friends - each one of whom is another potential \$332,000 customer. **S**



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