

Unhappy customers cost you money – lots of money!

Bob 'Idea Man' Hooey

Deciding to focus on making your customers feel special can pay off in so many profitable ways, just as 'not taking care' of them can have negative results for you and the survival of your business.

Let me ask you a couple of questions as we move further into our time together.

What is your average sale or transaction worth? (retail) \$_____

What is your average cost to gain each sale? (overhead) \$_____

Take a moment and discover how much each (average) client or customer generated for you over the past year. For quick estimates, divide your gross earnings by the estimated client/customer count last year. Take your advertising and other related marketing costs and divide by customer count.

Let's talk about the value of taking care of each of your customers. But first, let's talk about the real cost of having someone 'unhappy' with your services or products.

A variety of research, (2011 American Express survey) reveals that:

Unhappy customers tell 10-16 other people about poor experiences, (let's use 10 for an average) whereas Happy customers tell on average 5-9 other people about good experiences (let's use 5 on average)

We contend that each unhappy customer 'costs' your company the purchasing power equal to the minimum purchasing power of 16 customers.

Potential cost of making a customer unhappy is at least 16 lost customers... as follows:

Original customer not returning:	1
Customers lost to sharing 'their' horror story:	10
Customers not gained through positive referrals:	<u>5</u>
<i>Total customer loss = 16 (minimum)</i>	

Now how much is each 'unhappy' customer really worth?

16 x \$_____ = \$ _____

And how much will it take to 'attract' and 'replace' 16 customers?

16 x \$ _____ x 6 = \$ _____ Hint: Costs run 6-7 times the annual cost for replacement of a lost client

Add those two numbers to get a real projection of the value of keeping each customer as a happy client.

Now let me ask you another question. How important is it to train your staff to ‘effectively’ serve each client/customer and to be ‘empowered’ to keep them engaged, happy, and satisfied?

How much is your business worth? Perhaps you see the reason why so many successful stores have liberal return or service satisfaction policies. What changes are needed to make your policies more client friendly?

What changes would you have to make in your training or policies to ensure you satisfy and retain your customer base? What would it be worth to you to see your customers turned into fans and champions – promoting your business around the world? **What is stopping you?**

Happy, engaged clients/customers are the **life-blood** of any successful business. They don’t happen by accident! They are a direct result of your training and promotional efforts and the experience they receive when they meet you face to face or electronically.

Make a commitment today to better serve them!

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*Bob ‘Idea Man’ Hooey, DTM, PRA, CKD-Emeritus, Accredited Speaker, 2011 Spirit of CAPS recipient is an inspirational leader, speaker, and a prolific author whose works include ‘Legacy of Leadership’, ‘Why Didn’t I THINK of That’, ‘Make ME Feel Special’, ‘Speaking for Success’ and ‘The Courage to Lead!’ His articles have been featured in a multitude of North American trade and global consumer publications. He is a respected leader who has been honored by CAPS, NSA, Toastmasters, and the United Nations for his leadership contributions. His creative Ideas At Work have allowed him to travel the globe sharing insights, encouragement in 61 countries, so far. With Covid-19 he has been zooming around the globe to share his ideas. His **innovative Ideas At Work!** have been successfully applied by global leaders as well as Canada’s 50 Best Managed Companies.*