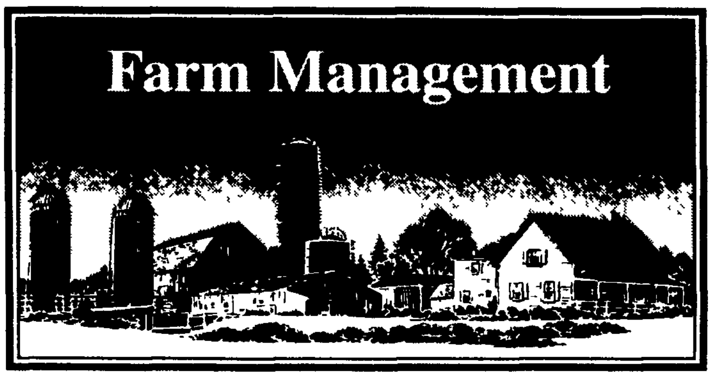

I SEEM TO HAVE LOST A CUSTOMER SOMEPLACE!

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How much is one customer worth? How much does it cost to lose one customer? More than you want to know. More than you can measure in real dollars.

Most people only measure the dollar loss of a sale, or how much revenue was lost for the year. Big mistake. For openers, multiply that times 20 years. Rats! And don't even begin to count the people they could have recommended! Then the real losses begin to pile up.

Besides telling everyone in their immediate vicinity, they will tell all their office, everyone at the next association meeting, everyone at the next annual trade show and convention — and (if you do a real bad job of recovery or service) — report it to people in the industry media or local media.

But that's not the worst, your competition knows — especially the ones who got your lost business. And they are celebrating or doing a war victory dance.

The real cost is the difference between "cost of lost" and "cost to fix." Now measure that against the cost of servicing, fixing, discounting, or replacing the situation, defect or problem when you first learned of it. Seems like a pittance compared to the paragraphs above. The painful part comes when you ask yourself "How did this happen? Could I have prevented this from happening? How can I prevent this from occurring again?"

Have you ever lost a customer? You aren't alone. It's not a one-person battle. It's not a one-idea solution. You need your specific facts before any ideas can be formulated. Here's how to develop a plan.

1. Start by switching places with the customer. Try to use your stuff in their environment. Try to call yourself from their office. Wear their shoes, and walk around in them for a while.

2. Ask your customer brutal questions — ones you don't want to hear the answers to.

3. Get your best team of positive thinkers together. Solve or resolve as a group.

4. Bet big. Identify and know the big picture, and be willing to gamble on a (multifaceted) solution that has consensus from the group.

5. Develop a core-issue base that could have prevented the situation from happening. You only have 10 big, reoccurring problems. List and dissect them. Then benchmark the best practice for resolve. But, remember, prevention is the cheapest medicine. That is the biggest clue for where to start fixing the problem.

6. Get small. Get great little ideas — lots of them — eliminate the dumb ones.

7. Name your solutions. The new "Gitomer Greeting" method. Brand your solutions — especially the cool ideas that bring value to the customer.

8. Ask yourself "what's wow about this solution or idea?" If the answer is "nothing," don't bother doing it.

9. Ask the group how this solution will prevent future occurrence of the same problem. If the answer is "it doesn't," don't bother doing it.

10. Ask the group how this solution will benefit the customer. If the answer is "it doesn't," don't bother doing it.

11. Get closer to the customer's "real" life. Meals and ball games can reveal relevant truths that "arm's length" relationships won't uncover.

12. How do you do this with your existing budget? You can't. You must have a "win back" budget. Funds that are earmarked to fix problems, create resolve, and build goodwill.

13. When you get back in — thank the customer for dumping you. Tell them that without the loss of their business, this innovative solution would never have been possible, and that you are willing to offer some (major?) concessions for a retry at the business using these changes (notice I have not apologized or groveled — customers are less interested in apology than they are in great ideas, recoverable actions, and solutions).

Get real: Know the difference between problem vs. symptom. Losing customers is a symptom. Poor service, poor product, late delivery or back-orders are problems.

Winning back the customer is a huge victory as well as financial gain. There's only one person angry when you get them back — your competition.

Consider Your Business Stakeholders

A good reputation is one of the most precious (and most fragile) possessions of any business. It is a primary component of your competitive advantage in the marketplace. It usually takes many years to build a solid business reputation, yet if management makes poor decisions, an excellent reputation can be lost in a fortnight.

All too often, business owners assume "they are the company," and these owners make decisions in a vacuum without considering the consequences of their actions upon others. They fail to realize one of the keys to building and maintaining a solid reputation is to be constantly aware of (and beholden to) the stakeholders of your business.

Every business has many stakeholders. These are groups of people who either exert an influence on (or are influenced by) the decisions you make. There are two categories of stakeholders: internal and external.

Internal stakeholders. There are four potential classes of internal stakeholders: your management team, your employees, your investors/owners, and (if incorporated) your board of directors.

External stakeholders. There are six potential classes of external stakeholders: your customers, your suppliers, your creditors, government, the general public, and special interest groups.

Whenever you are considering a decision involving difficult alternatives (whether the decision involves business decisions or ethical choices), be sure to consider your stakeholders as part of your decision-making process. If you do not want to negatively impact your company's reputation, you should always weigh the impact of your alternatives upon each of your stakeholder groups as part of your decision-making process.

This consideration should help you facilitate sound business and ethical decisions with the least negative consequences, provided you reach a decision having the strongest positive impact on the greatest number of stakeholders.

Whenever I am faced with such decisions, I reflect on how each of my alternative courses of action will create (or enhance) value for each group of my stakeholders. Suppose I wanted to expand a manufacturing facility, increasing production to keep up with rising demand. I would first consider alternatives that increase value for all of my internal stakeholders and then look at the corresponding potential impact on my external stakeholders.

Suppose a business was considering disposing of hazardous waste by dumping it in a back lot. Although management might initially justify the decision based upon considerable savings in operating costs, ultimate public awareness of the toxic contamination would enrage customers, the general public and special interest groups, significantly tarnishing the company's reputation. This would lead to a barrage of lawsuits from the government (for EPA violations), employees (for health reasons), and investors (angry about diminished value).

If you justify decisions based upon what is best for management and fail to take your other stakeholders into account, you are exposing the company and its reputation to considerable risk. When you make the effort to choose wisely after considering the consequences on all your stakeholders and reacting accordingly, you will minimize that risk.

Dairy Farmers ToMeet At Ronk's Fire Hall

RONKS (Lancaster Co.) — Sam Fisher, dairy farmer from Brogue, is urging all dairy farmers and interested parties to attend an important meeting on Thursday night, Oct. 12 here at the Ronk's Fire Hall. The meeting will begin at 7:30 p.m.

Fisher said, "With dairy farmer prices still holding around the 1979 level, I think it's time that dairy farmers demand that the U.S. Congress take immediate action to improve milk prices."

Arden Tewksbury, manager of the Progressive Agriculture Organization (Pro Ag), will be the main speaker for the evening.

Fisher noted that recent meetings in this area by other organizations "did not offer much hope to our dairy farmers."

Tewksbury has longed urged a new pricing formula for dairy farmers that reflects the average cost of production at the farm level.

The Pro Ag manager said, "Dairy farmers must realize that they are paying nearly $1.60 per hundredweight to have milk converted to cheese, so in essence, dairy farmers are covering a substantial amount of the cheese processor's cost." Why?

Tewksbury said that when the Pennsylvania Milk Marketing Board established the value of a gallon of milk in the stores, the established price covers the milk bottler's cost.

Tewksbury said, "I think it's time our dairy farmers realize what is being done to them."

Tewksbury concluded by saying, "the wholesale cheese prices completely collapsed last week, sending the barrel prices down to $1.03 per pound."

This means that dairy farmers' prices will start to decease even more later this fall.

For information concerning the meeting, call Sam Fisher, (717) 927-6979.