Lessons from JCPenney

I didn’t plan it this way, but now I am writing the third column in a row relating to the topic of “customer service”. The reason is because of a lot of wonderful feedback and comments plus a very pointed question asked by a few local business people that deserves a response.

Last week I closed by writing that customer loyalty isn’t measured by the number of satisfied customers going out of your business today. It is measured by the number of loyal customers who return to your business tomorrow and all the days after because they know you will treat them as they want to be treated. “So”, the comment came, “is JCPenney going to get their customers back?”

Then, also in light of another comment I made as I suggested that the CEO should “know that things will occasionally go wrong, even in the best managed business. Don’t despair or become flustered when it happens, focus on the issue at hand. Keep the spotlight away from yourself. Concentrate on what needs to be done to fix the situation. Pay attention to detail and don’t let the opportunity slip away.” A similar question was triggered “How about the recent JCPenney experience?”

Here is my disclaimer, I have no crystal ball and I don’t have stock in JCPenney. But let us look at the situation and see if there are lessons to be learned. I think there are several.

First, CEO, you may not like it (I never did), but good customer service means always having to say you're sorry when something goes wrong. When it comes to providing excellent customer service, absolute honesty truly is the best policy. This is the first lesson to be learned. JCPenney stepped up to the plate when their disaster happened. CEO Ron Johnson was fired after his strategy to attract a younger demographic resulted in a $13 billion decline in revenue. In a new advertising campaign, the company admits it made mistakes and alienated many of its longtime customers. The voice-over in one of its recent ad, "It's No Secret" states: “Some changes you liked, and some you didn't. But what matters with mistakes is what we learn. We learned a very simple thing, to listen to you."

As I stated last week, businesses mess up. They may take a wrong marketing approach, sell products that aren’t fully tested or just provide bad service. When customers complain and stop buying products, the simplest thing to do is to sincerely apologize.
Now, I grant that in today’s litigious society, some companies hesitate to do this for fear of legal action. Other chief executives and business owners worry they’ll look stupid, and either try to pass the blame off to someone else or cover it up. Some business leaders look to protect themselves instead of helping the company move forward. None of these actions will win back your customers; the only way to do get past a mistake is to apologize sincerely and swiftly.

The next lesson is to make sure that you listen to the customers. Complaints are a gift to the small-business owner. When a customer actually takes the time to say what is wrong instead of just walking away, never to come back and instead complaining online to friends, this is a great opportunity to learn something, perhaps, and to win a loyal customer for life.

The trick is for the customer service person (and in many small businesses, that is the CEO) to actually pause and listen to what the customer is saying without responding too soon or being defensive. The company must give the customer different options for communicating, including social media, email, phone, text and regular mail. Make sure there are processes in place to answer these the same day.

Another lesson is to try to give specific changes that will be made. Ultimately, after saying “sorry,” the company needs to state what specific changes it will make so this does not happen again. If an action plan can’t be stated immediately, commit to getting back to the customer in a specific period of time to make sure that it gets done.

And the last lesson here is to do better next time. (This last chapter hasn’t been written on the JCPenney experience yet.) Customers get frustrated if they get repeat apologies for the same mistakes and nothing ever changes. Customers will not forgive when the same mistake gets made over and over again. This shows a lack of sincerity to take action to fix problems that the company actually knows about.

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