

On Service: The Nordstrom Experience

For all its much vaunted politeness and supposed service orientation, throughout all the years I've traveled to the UK I've found that their service – compared to what I'm used to in the States – stinks.

Okay, hold yourselves back. I've heard all the arguments. The British think that American service consists of the empty "Have a nice day" that comes at the end of a transaction. No. That's not what I'm talking about. (I can't much stand that either.)

What I'm talking about is the commitment from the organization to identifying and providing solutions to problems before they ever arise. It's having the systemic ability to have figured out the answer *before the question arises* so that the customer is always and only wowed by the solution on offer. That kind of service is its own type of innovation – and it's just as valuable as any product development in which you invest. Because if you nail it, if you really get your service down, your customers won't want to go anyplace else. Ever. At any price.

Why? Because you've made their lives easy.

The States, though, didn't learn or accept the lesson easily. We're big and powerful and have been for a long time. Companies simply figured that customers were replaceable. If one went away there would always be another. And for a long time that was true. Because there was little to no differentiation. You went to one store or you went to another. So what? There really wasn't much difference.

The only time you saw service as a differentiator was based on price point. But even then there was a sameness to the experience. Sure if you were putting out the big bucks you expected – and got – a higher level of service than if you were in a mid-range or discount store. But at each level, within the stores in that space, the service was comparable. The shops didn't differentiate themselves in products – because they were all going after the same customers – and they didn't know that they could differentiate themselves through service.

All of that changed a number of years ago when a store called Nordstrom decided to expand out of the Pacific Northwest and become a multi-state player. When Nordstrom started, it was a family owned shoe store. Great shoes, but only shoes. They expanded their product lines and became the department store of choice in the State of Washington – not one of the states that could ever have been considered a shopping mecca at that time.

So Nordstrom, whose management had decided long before that service was key, took its act on the road and taught American industry a lesson that America – and the world – is still learning. Only some companies and countries are slower learners than others.

Ask a Nordstrom shopper and you'll hear one happy story after another. The most common ones are about the returns policy. For the longest time you didn't have to

have the tag on the clothes or your receipt to get a full refund. But the best stories are the ones about travelers who brought the wrong suit or had an accident that required a sudden new clothing purchase – including alterations – or got a flat tire on the way to a meeting and needed a change of clothes and miraculously someone from Nordstrom solved the problem. They showed up with exactly what the customer needed at that moment – including alterations personnel.

Nordstrom in-store personnel are so on top of their game – and their customers' needs – that they are more like genies from a bottle than run-of-the-mill employees. Find something you want but not in your size? Before you can say boo, they're on the phone or online with other stores to get you what you need. Just what you're looking for but not in that color? Not a problem. They'll have it to you in no time flat – often not charging for shipping.

They then extended that shopping experience to their website. Go to nordstrom.com and you'll have the equivalent of the in-store experience including some of the best personal shopping assistance – online and by telephone – that you could ever imagine. Can't find it on the website? No problem. They'll track it down for you. They'll get you what you're looking for – and they'll be nice about it the whole time.

And as the Nordstrom Experience took hold and customers started realizing that they could – and should – be treated for the valuable asset they are, they expected that type and level of service from everyone. In every industry.

It wasn't just that the service differentiation Nordstrom brought started cleaning their competitors' clocks, it was that every other business had to fall into line. If they didn't, they heard about it. Because the customers voted with their feet – taking their wallets with them.

That was when the US started understanding what a service economy really is. It's not just that manufacturing is moving out of the country. Nor is it that white collar job growth started becoming more prevalent than blue. And it certainly isn't the mistaken thinking that asking "Would you like fries with that?" or saying "Have a nice day" is the answer to all good service.

If you're going to be a successful part of a service economy – no matter whether your industry is manufacturing, service, agriculture, technology or anything else – and if you want your business to grow, survive and thrive, then you've got to adopt service as a key component of both your strategy and your operations. Service – *real service* – isn't the ubiquitous 'smile and say no' school of customer service that plagues so many companies of all sizes.

Service is figuring out what your customers want at every level of the supply chain before they've even realized that it's something they can ask for. Then, once you've shown them what life can be like when they do business with you, you figure out what's next. How to wow them even more than before. How to surprise them both with your consistency and your innovation.

Let's face it, when you go out the door of the place you work and you have to do business with some person or company, that's what you're looking for. That's what you're expecting. And that's what angers you beyond words when it's not there.

Then you take your business someplace else – and rightfully so. Well, so do your customers – and rightfully so for them too. And there, too, will go your shareholders

– because why would they want to invest in a company that isn't committed to performing at the highest levels in all arenas...from products to service to financial returns? When you nail service you've nailed return business. And that means you've nailed shareholder value.

And don't think that if you're in the not-for-profit or non-profit sectors that you are exempt. Even if you work for a government entity your responsibility is service to your customers. Those taxpayers pay your salary and even though they may not control your next raise, they certainly control which party comes into power next – and that could mean lay-offs. You never want to give anyone a justification for getting rid of you or your job, do you? Instead, focus on service.

It would be disingenuous of me to completely ignore products and product differentiation – and I'm not. It's that service is considered something you apply after the fact rather than as the proactive, systemic component that you build into what you do – including, most importantly, budgeting and training for it to succeed. And it doesn't stop there. The best service, now, is dependent upon having technology that supports your people in their customer interactions – or your customers in their online interactions with your organization. That requires investment as well – and it needs the same wow factor.

The good news is, the Nordstrom Experience continues to guide so many businesses – whether they know it or not – that service does tend to improve even if more slowly in some cases than the customers would like. Because executives, like you, all around the world either have learned or are learning that once your customers have experienced real service and know it can exist – no matter where or in what industry that experience took place – you, too, will be held to the same standard.

The bar will be raised and you'd better meet it. Or else.

Have a nice day.

About the Author

Leslie L. Kossoff, internationally renowned executive advisor specializing in strategy and corporate turnaround, was cited by *About.com* as **“one of the most intelligent and perceptive voices on executive and managerial leadership today.”** For over 20 years, she has assisted clients in the public and private sectors in the U.S., U.K., Europe and Japan. Her clients, ranging from start-ups to multi-nationals, include Sony, Kraft Foods, the UK National Health Service, Fidelity Investments, Seiko/Epson, 3M and others.

A former C-level executive in the aerospace/defense, pharmaceutical and entertainment industries, Leslie enjoys an outstanding reputation as an invited speaker at conferences around the world. She is the author of two books, including the award-winning *Executive Thinking*, is the editor of the blog EU Economic Engine and writes regularly for *Horticulture Week/The Grower* focusing on business and management issues in the agricultural industry. Having written over one hundred articles in journals including the *Financial Times* and *CEO Magazine*, she is frequently quoted in *Entrepreneur*, *Investor's Business Daily* and is a regular guest on the syndicated “Small Business Advocate” radio program. Jim Blasingame, its host, cites Leslie as **“one of the top organizational thinkers for executives and business owners.”**

During her association with Dr. W. Edwards Deming, the quality management expert credited with turning around Japanese and Western industry during the latter half of the last century, he declared Leslie **“Quite simply one of the best at implementation.”**

Leslie is a founding Board member of the Global Women's Leadership Center at Santa Clara University Leavey School of Business, serves on the Advisory Board of the Russia Research Network, is the former director of the Institute for Quality and Productivity Improvement at California State University, Long Beach, has been a member of the Judges Panel for the Sterling Award for Quality in California and is included in the *Who's Who Registry of Global Leaders* among others.

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