

1 Provide Your Customers with Choices

How do I love thee? Let me count the ways.

—Robert Browning

Most of us want choices, and plenty of them. The unabashed consumers among us in particular relish the thought of being presented with lots of options, whether we are shopping for shoes or checking into a hotel (even a hospital). The same desire for variety plays itself out in many forms. If you're running a business, you want to know what your software applications service provider furnishes that its competition does not. The more choices you offer your customers, the more likely they will do business with you, rather than your competition.

At Nordstrom, one of the ways *choice* is secured is by stocking stores with wide and deep inventories of merchandise—shoes, apparel, and cosmetics from a broad cross section of manufacturers. From its origins in 1901 as a modest shoe store to its present form, Nordstrom has always believed that if you offer your customer length and breadth and depth of merchandise, the less likely she will walk out of the store without making a purchase—or two or three.

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A typical Nordstrom store carries upwards of 150,000 pairs of shoes, with the world's widest selection of sizes and widths—from 2½ to 14, AAAAAA to E for women, and 5 to 18, AAA to EEE for men—in a broad range of styles and colors. Unlike much of the competition, the store carries many half sizes. My wife's shoe size is 10½ narrow; she can buy her shoes only at Nordstrom.

Nordstrom has extended the philosophy of providing a wealth of choices to its Web businesses: nordstrom.com and nordstromshoes.com. The latter offers over 20 million pairs of shoes. Nordstrom also reinforces the importance of offering choices in its advertising strategy. One recent ad shows four distinctly different looking men having a business meeting. One man is tall, another is short; one is stocky, another thin. The headline reads: "Every man deserves a great looking, great fitting suit."

The idea of choice also extends to other facilities in the store. A typical Nordstrom store offers its customers the option of choosing from four different kinds of restaurants. An espresso bar located at an entrance outside the store offers gourmet coffee drinks, Italian sodas, and pastries and cookies to Nordstrom customers as well as people walking through the mall. Café Nordstrom serves soups, salads, sandwiches, and beverages in a cafeteria format, offering a lower priced alternative. The Garden Court offers full-service dining with fresh, seasonal produce and seafood in an elegant atmosphere. The Pub is a clubby dining area that serves coffee and breakfast items from 9:30 to 11:30 AM and sandwiches, salads, cocktails, stouts, and ales the rest of the day.

The Pub, which is strategically located adjacent to the men's suits department, has turned into such a

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popular lunch spot that it is sometimes difficult to get a table. In the event a customer has to wait a while before being seated, Nordstrom doesn't want that precious customer heading out the door to look for an alternative; after all, in a shopping mall or the busy downtown area of a city, the customer has many, many choices of where to eat. To ensure that the customer stays, Nordstrom gives her a beeper to continue to shop throughout the store; she will be beeped when her table is ready. In short, Nordstrom wants to wrap its collective arms around its customers and never let them go. A multitude of choices make those arms stretch a little bit farther.

When it comes to choices, Costco, Inc., the chain of 148,000-square-foot warehouse "stores," takes a different approach to customer service, but is met with the same result. "We thought that a great deal of what was going on in retail added up to a bad customer service experience," said Costco chairman Jeff Brotman. "We told the retail customer: We will not be providing salespeople or locations as convenient as you can get at Nordstrom; we won't be providing the fixturing, delivery, the billing, or a vast selection of mayonnaise or tissues. But what we are going to do is narrow down the product assortment and cut down the self-select process for you. We're going to eliminate costs, and we're going to give you the benefit of the cost reduction. And then we're going to try to make it easy to get in and to get out. When asked to rate our customer service, customers rate it very, very high—and we have none, in the traditional sense. The service to the customer that we provide is the best value possible in each product. We have only 3,500 products. We think about every product that we sell. The metaphor for the value you get inside Costco is our hot dog and soda for a \$1.50. The subtleties of

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what we do are not lost on the customer, but they are lost on the pundits.” This is proof that a focus on choice is crucial, but how you approach the issue of offering choices should be customized to your business. You must ask yourself: What kind of choices do you offer your customers? And if you think you are offering them plenty of choices, do you think that’s enough?

FirstMerit Bancorporation: Establish a Cultlike Devotion to Selling

At FirstMerit Corporation, a bank based in Akron, Ohio, providing customers with choices is an essential part of doing business in the highly competitive world of personal finance. The bank, which has close to \$10 billion in assets, has been growing at a rapid pace for a variety of reasons, one of which is what *American Banker* has called a “cultlike devotion to selling.”

For the individual account, FirstMerit offers the typical 24/7 type of banking options: strategically located branches, Internet services, and ATM machines for easy access and telephone services. Customers are also given choices of distribution channels. John Cochran, who has been chairman and chief executive officer of FirstMerit since 1995 explains:

They can do their business when, how, and where they want to. That means that they can use an ATM, the Internet, a branch, or a telephone to do their business. That way, they can define convenience in their own manner. With that, we want to add the relationship delivery and high quality service that are not distinctive of larger institutions.

It is primarily in the realm of business banking that FirstMerit offers a full range of choices that reach

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beyond convention. The core of FirstMerit's customer base is some 25,000 small and medium-sized businesses in the very concentrated northeast Ohio marketplace. FirstMerit services about 40 percent of that market share in its territory through 177 branches. These customers need the same wide array of banking options that much larger businesses require.

"Breadth and depth of your product line is very important," said Cochran. "We are considered a smaller institution, but we're also a relationship institution so we need to have a broad product line that can compete with the big guys. We want to make sure customers do not have to compromise when they choose to do their business with us. We don't compromise the product line choices. They get the same kind of capability of sophistication of product line that they get with the big guys." The product line for these small to medium-sized businesses consists of three different elements, which FirstMerit illustrates for customers with a symbolic triangle:

1. The first element of the triangle supports the business itself through a wide variety of products, including all types of credit, depository instruments, cash management services, pension and profit-sharing programs, and international banking services.
2. The second element of the triangle consists of private banking services for owners and managers. FirstMerit's private banking centers take care of personal banking needs such as purchasing a home, home equities, investing in education for the customers' children, estate planning, and dealing with stock options received from their company. "We have a special division

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that deals with nothing but building and funding the benefits and the succession planning for the future management of that company,” said Cochran. “If an owner wants to pass the business on to an offspring, we have a very sophisticated product line that deals with succession planning. The owner will be able to pay the estate taxes in that transfer and to make that ownership transferable with the least amount of tax liability.”

3. The employees of the company represent the third part of the triangle. FirstMerit provide them with personal banking products such as checking accounts, home mortgages, and credit cards.

“We wanted to build a product line that meets all of the constituencies of a company: The company itself, its owners and managers, and the employees. It’s the responsibility of the FirstMerit banker—and his or her team—to create the kind of a relationship with that customer account that will enable them to satisfy every one of those elements,” said Cochran. The end result is that a strategy for offering choice is defined by the company’s important consumers and tailor-made to their needs.

How does FirstMerit make sure that its wide variety of choices are offered to—and used by—consumers and that the company’s long-term goals are accomplished? First of all, to help employees feel comfortable talking about those additional products, FirstMerit trains them to be well versed in everything a corporate customer might need. All of the employees involved in selling the various bank products are assembled as teams and are taught each other’s business, which includes a broad

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and detailed explanation of the features and benefits of each product and service that a corporate customer would need. They are taught how to identify that need and how to speak to the benefits of that product. The building up of relationships among and between these employees creates camaraderie and a greater desire to help the group.

Just as important, FirstMerit business bankers—like any good salespeople—are trained in how to deal with customer resistance. First they're told which objections to expect from customers and then they're taught the best way to respond to those objections. They should also know when to smoothly and politely hand off the customer to the FirstMerit service provider who is trained to explain the product in greater detail. "It's important to build that proper protocol of referral," says Cochran. "It's equally important for the banker who receives the referral to acknowledge the employee who made it happen."

A frontline employee's initial contact with a small-business customer often begins with opening him or her a checking account and/or starting a line of credit. After that account is open, it's time for multiple selling. The employee tells the customer, that now that he's established a credit line, he will probably be requiring other group-banking services such as pension, profit-sharing, personal banking, international banking, or cash management. By introducing those products, FirstMerit hopes that these additional options will further attract the employees of the customer-company into the FirstMerit fold. Because their boss or the owner of the company banks with FirstMerit, those employees are eligible for some free services, too, a bonus added to solidify the deal. Says Cochran:

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Our approach is similar to Nordstrom's. When someone walks into the clothing department at Nordstrom and buys a suit he gets complete attention. The salesperson who sold the customer that suit then takes the customer into another department to sell him shirts and ties and socks. The responsibility of the person who opened that line of credit or checking account is to introduce the customer to the additional services.

The most essential component of providing customers with choices is paying attention to what the customer is saying. For example, a customer once told a FirstMerit customer service representative that he had just been awarded a large monetary claim from an insurance company for a personal injury. The FirstMerit customer service representative immediately referred the customer to FirstMerit's trust department, where an expert spoke to the customer about the necessity for estate planning. As a result of this emphasis on multiple selling, FirstMerit employees increased their rate of sales from less than one product a day in 1995 to nearly seven products a day in 1998.

FirstMerit employees don't educate themselves on every product their bank provides just so they can be altruistic team players. There's further incentive—in extra pay—involved in the deal as well. For all employees—from tellers to branch managers—who come in direct contact with customers, 20 percent of their compensation is tied directly to their ability to sell the customer on buying a product that they don't personally sell themselves. Each employee has a goal of a certain number of referrals that result in sales. Another goal is based on the total dollar value of those closed referrals.

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For example, a business banker is responsible for building \$10,000 worth of profitability for products sold by partners in her team. Let's say a particular trust was worth \$1,000. If that business banker sent the customer to a trust officer and that trust officer sold the customer a pension plan with a first-year profitability of \$1,000, that would count for \$1,000 toward the \$10,000 goal. Once the employee reaches that goal, it activates 20 percent of her compensation. Employees' sales transactions are tallied every week by a sophisticated \$9 million computer platform system.

None of this success comes by accident. It's all part of a corporate strategy. Every January, FirstMerit hosts a three-day retreat called "Camp We Can Do," where 100 executives and managers—referred to as "coaches"—work on particular strategic goals. One year, for example, that goal was to increase the number of sales from referrals within the bank. On that retreat, employees were taught all the nuances of trust services and investment products by their coaches. To regularly remind coaches of the importance of referrals, they are all required to attend a one-day refresher retreat every quarter. If you're going to be offering the customer lots of choices, you've got to constantly educate yourself.

W Seattle Hotel: Make Your Customer Service Philosophy Whatever/Whenever

Created by Starwood Hotels and Resorts Worldwide, the parent company of Westin Hotels, W is a new concept in hotels. Although W is certainly not the most famous hotel brand in the world, it is included in this book because it is an especially customer-friendly service provider, with a mission of providing visitors with a

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completely satisfying consumer experience. I have stayed at the hotel many times and I still remember the first: The moment I stepped out of the taxi cab at the Lexington Avenue and 48th Street location, I was greeted by a friendly young man, dressed fashionably, in black, who served as my escort first to the front desk, and then to my room. There, he went into detail about all of the interesting details of my room, from the personal CD player to the comfortable mattress.

W Seattle was the fourth hotel built by the brand, preceded by units in New York, Atlanta, and San Francisco. Coincidentally, another company featured in this book, Callison Architecture, designed W Seattle, which opened in September 1999. It's important to note that customer-service-oriented companies are more likely to do business with similar minded companies.

As Tom Limberg, a veteran hotelier, who is general manager of W Seattle, said,

We've charged ourselves with the responsibility of being someone's home away from home, but with virtually no knowledge of what that home is all about. Consequently, we have to have the ability to provide choices and offer alternatives. Sometimes a customer wants something that we can't provide. Maybe it's not available. Maybe it's something we don't do. Our philosophy is to stay away from the "N" word ("No"). We hate the "N" word.

Of course, the brand would never do anything illegal, but there are many ways to make a customer feel that he or she is being taken seriously. Providing alternatives—choices—is the best way to stay away from saying "No" to the customer. If you can't provide A, perhaps you can provide B. "For example," said Limberg, "Every

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room in our hotel comes with a Sony CD stereo player and a videocassette player—in the event that you don’t like the movie that our in-house service provides. If you called down to the desk and wanted a movie that we didn’t have, we would most likely go out and get you one at a local video store. That type of request is directed to W Hotel’s customer service department, which is called Whatever/Whenever. That is our service mentality. That’s what they do,” explained Limberg.

The first week W Seattle was opened, a guest wanted to plug his laptop into the in-room high-speed Internet access port at the desktop. One problem: He had forgotten to bring his Ethernet connector. “It was very frustrating for him,” recalled Limberg. “It was very frustrating for us, too. Linc, who is our lead Welcome Ambassador (the equivalent to a bell captain), is very computer literate. He searched around and finally found an Ethernet connector on one of the laptops that we use in our purchasing department, and he brought it up to the guest’s room. Not having that connector knocked purchasing out of the water for a few hours, but that was okay because it happened at the waning part of their day. Most importantly, we rallied for the customer and provided him with what he needed.”

As happy as he was to find a solution, Limberg was just as pleased that an employee was comfortable going into the administrative offices to get some results. “Linc didn’t feel like there was a skull and cross-bones on the front door of the administrative offices saying: ‘Solve those problems up there; we’re busy with paper work,’” said Limberg. As a result of that episode, the hotel is now creating “an inventory of things like that for Whatever/Whenever, so that in the future we can more easily facilitate those types of requests.” A crucial lesson to

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be learned from this story is that companies need to empower their employees, in order for them to be able to employ superb customer service strategies. Communication between employees and a shared mission are crucial components of empowerment.

W Seattle, which is on the corner of Fourth Avenue and Seneca Street in the heart of downtown, has a total of 426 rooms—250 of them come with king-size beds—and two floor plans. One floor plan consists of 80 L-shaped units called the “Cool Corner Kings” (because they occupy the corners of the building), which have floor-to-ceiling windows, and dramatic entryways. These popular rooms have been in high demand since the hotel opened. The second floor plan has the identical view of downtown and Elliott Bay, but with a different window arrangement—instead of the floor-to-ceiling windows, each room has a window seat.

“Our approach to room types is to maintain our inventory and know where we are on that inventory,” said Limberg. “If a customer makes a specific request and we know that we’re not going to be able to satisfy that request, the time to address that and to provide the best alternative is when we take the reservation. I’m a big believer in keeping the customers in the loop. Include them in the decision. Give them the news—good, bad, or indifferent—as quickly as you have it. You can’t put off that decision. We don’t want our guests to think for a moment, a day, or a week between the reservation process and their actual arrival that they might be getting something that they’re not going to get.” The important moral here is be honest with the customer and she can’t be disappointed.

Limberg has found that customer complaints, such as not getting the type of room that was requested,

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frequently end up on his desk, and he's glad they do. He says,

I've always found that when you're in a conversation with the customer, it almost always boils down to this: "If somebody had just let me know, I could have made other plans." We need to be on the same page as our staff—we call them cast members—on how we treat the customers, so we're not going in different directions.

In customer-service-oriented companies, consistency for the consumer is always important. When a customer does not get what she wants, Limberg believes that it is not necessary to fully explain why the company was not able to fulfill the request. Communication with a guest should be on a need-to-know basis, says Limberg:

Another source of our problems is that we sometimes tell customers more than they need to know. They don't need to know the drama or minutia or what's going on behind the scenes. There's supposed to be a little sizzle—a little magic—when you get here. They don't need to know exactly how we do it. They just need to be the recipient of that magic.

Like Nordstrom, the W Seattle offers several different restaurant services. The sleek lobby bar, like the bar at the W New York, has quickly become a place to see and be seen. The main restaurant, Earth and Ocean, which was created by the Myriad Restaurant Group, was written up in *The Wall Street Journal* just a few weeks after it opened. The W Seattle is surrounded by excellent restaurants within easy walking distance, but the hotel wants to give customers the choice of staying comfortable and dry, rather than go out dining in that

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familiar Seattle rain. Extending services slightly beyond expectations goes a long way toward keeping the customer happy.

USinternetworking: Respond Fast and Not Just to Your E-Mail!

USinternetworking (USi) is a pioneering Application Service Provider (ASP) founded in 1998. ASPs have a profound impact on how companies employ their internal software systems. ASPs like USinternetworking rent out access to computer software and hardware to business clients, a service that includes providing access over the Internet.

Business-to-business client service in the technology industry has specific requirements.

In order to be able to explain how business-to-business client service in the technology industry works, it's important to understand the business more closely. USi procures master licenses to programs that corporations use to operate enterprise applications such as accounting, e-mail, e-commerce, e-procurement, and human resources, from software vendors such as Microsoft Corp., PeopleSoft Inc., Siebel Systems Inc., Lawson Software, Ariba, Inc., and BroadVision Inc. Clients pay USi a fixed monthly fee to run and manage the software programs. They are run on USi servers at several sites around the world. The customers tap in either through the Internet or over telephone lines that are specifically dedicated to the software programs. Because these systems are costly to acquire and difficult to install and maintain, USi was a much needed resource and was able to create a crucial niche service for a broad cross-section of small, medium, and large

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companies such as Hershey Foods Corp., Liberty Financial Cos., Knoll Pharmaceutical Company (BASF), stockbroker Legg Mason Inc., and Franklin Covey, the parent company for the organization of business self-help guru, Stephen Covey, author of *The 7 Habits of Highly Effective People*. To attract these high caliber clients, USi offers a suite of products that are tailored to fit individual clients' needs for managing finances, human resources, product lines, and electronic commerce for a variety of software platforms. Says John Tomljanovic, USi's Vice President of Client Care:

What the client gets depends on the need that they define. If a client wants a system that can handle accounts payable, accounts receivable, and general ledger information—then they will want one type of product. We will work with them and recommend the best solution, customizing to their requirements. We don't hand them an out-of-the-box package. We work with the client to understand what their business processes are and what would make the most sense. Technically, accounting is accounting, but each company does it a little differently. The difference is dictated by their business processes.

After the programs have been installed, USi gives its clients the option of contacting and coordinating with USi via e-mail, phone, fax, or dedicated Web sites. All of the applications that the company sells to clients are Internet-based, and therefore easily accessible anywhere in the world. "We want our clients to feel comfortable that they have any number of ways that they can reach us for assistance," emphasizes Tomljanovic.

USi's philosophy is that regardless of the number of communication choices that it gives to its clients, every

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call to USi must result in a successful resolution of a request or service problem. We give our clients the option of calling us on the phone if they prefer hearing a human voice,” said Tomljanovic. “But we also want them to feel comfortable sending us an e-mail and to know that we are going to work on their problem just as diligently as we would on a telephone call that comes into our help desk.”

USi has mapped out detailed procedures for every one of the communications options—e-mail, phone, Web, or fax—that clients can use. “When we first started to look at how we wanted to structure things, we knew we didn’t want to create a big help-desk pool of people that a client can call into via a single 800 number. In that scenario, anyone who is sitting at a desk can answer the phone and try to help the client,” Tomljanovic told me. “We wanted to set it up so that on that first call, we could answer 90 percent of the questions that a client could have for us.”

Consequently, USi took a different approach by creating Client Assistance Teams—known throughout the company by the acronym CATs—which provide dedicated service to designated clients.

CATs are involved with the [implementation] process up front. At the very end of the [installation] life cycle, after our implementation teams have had the opportunity to customize the applications to fit into the client’s business processes, CATs are trained to fully understand what’s been done and will know how to service the client based on the client’s unique application.

An account manager is responsible for each CAT team, which consists of Client-Care Associates, who

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work for that account manager. Each CAT is dedicated to satisfying the service needs of from two to six different clients, depending on the magnitude and size of the customer and the specific applications and services for which they contract with USi. In the case of all businesses that offer complex services, the question of how to provide adequate follow-up service must be answered.

USinternetworking aims for a much more personal experience between client and provider than that of the usual help desk model. As Tomljanovic explains, "We want to get to a point where if the client calls in, they know the person they are talking to. They don't have to explain what their system does or what they are trying to do in the big picture because the members of that particular CAT team are familiar with that client's system and how it has been custom-implemented for that particular client along with the more general goals of the client."

In all businesses there exists the danger that by the time the right person is on the line with the client or customer, he or she has already been bounced around from one anonymous voice to another, and is already fuming. I'm sure you, gentle reader, can relate to a similar scenario. Every customer-service-oriented business must have a plan to make sure that doesn't happen.

When USi receives an e-mail from a client during business hours, it is the company policy to respond to the client within 20 minutes, letting the client know that the e-mail has been received and that the company is dealing with the nature of the correspondence. Not only does the USinternetworking client receive personal care, but also he receives the assurance of a timely response, no matter which method of communication the client chose.

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St. Charles Medical Center: Educate the Consumer to Make Intelligent Choices

Within the health care industry, the most cutting edge hospitals and medical centers are realizing that their patients are, in fact, their customers, and that those customers want the same kind of choices that they are afforded in real life. "Patients being viewed as customers is a totally foreign concept in health care management," said James T. Lussier, chief executive officer of St. Charles Medical Center in Bend, Oregon. Traditionally, hospitals approach patients as if they have no other choices. Lussier asks, "Would you go into Nordstrom if the first thing they did was stick you in a waiting room and say 'I'll be back in an hour'?"

When he was promoted from president to CEO at St. Charles in 1989, Lussier envisioned a hospital that combined the operating efficiencies of top manufacturing companies with the customer-service emphasis of top retailers. "Our competition is not the hospital down the road or some doctor's office," said Lussier. "It is the standards that are being set by the Nordstroms, Lands' Ends, and Staples of the world. Patients want to know why those standards can be achieved at those companies, but not with us."

Choices are essential at St. Charles. "I think multiple offerings are especially critical in health care primarily because the general public tends to perceive health care as including primarily doctors and hospitals," said Lussier. The system has been rather exclusive, that is, anything that doctors don't feel comfortable with summarily gets excluded from consideration. As an example, I hear patients all the time saying things like, "I'm going to an orthopedist, but I can't tell my orthopedist that I'm also going to a chiropractor."

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St. Charles has approached this situation in a wide variety of ways. The medical center is making major thrusts into preventative programs and education that empower patients to feel in control, and making sure that patients know that if there is an issue that they are interested in, then the medical center is interested in it as well.

Part of St. Charles' mission statement is to educate the patient to make intelligent choices. "Empowerment is not just about consent to procedures," explained Lussier. "It's about knowing every possible approach to a particular illness or disease and being able to make informed decisions." Coordinating the communication between a patient and his or her different doctors—who may have philosophical disagreements with each other's practice—has been difficult. Still it's important to make sure the patient knows what the different approaches might be. Of course, it's not always easy to offer this type of service. "One of the issues that we have to face is that it's very difficult for us to control the behavior of a physician outside the confines of the hospital," said Lussier. "We've got to bring those doctors into the orbit of the hospital. One way of doing that has been adding different services to the hospital, such as massage therapy and music therapy."

Lussier believes that the hospital has two prime customers. One is the physician, who exerts primary control over what patients have access to and what the hospital can do for the patient. The other is the patient and, by extension, the general public. "We've actually utilized patient education to bring about change in the physicians' approaches to practices. The patient will come into a doctor's office in a totally different frame of mind after being educated as to the various alternatives for treatment," said Lussier, who admits that, "Doctors

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have been known to get together to fire the renegade administrator who is pushing the envelope too far.”

St. Charles regularly conducts educational forums and offers a wide variety of patient services:

For example, we have an institute for health and medicine that is very symptoms-related. It is not treatment, per se. It's looking at lifestyle, how people manage stress, and how we can educate them as to what the various alternatives are before they ever get into the acute health care system. The patients who participate become very knowledgeable about their particular practices and approach to diabetes or heart disease. They are not so willing to jump straight into having a bypass surgery or angioplasty. They know that they might be helped by some changes in diet or they might find a better alternative to manage stress.

Lussier admits that St. Charles is only part way toward its goal of dramatically changing the attitude of physicians regarding offering patients a wide variety of choices so that those patients can be participants in their own healing. “The problem with the old health care system is that the physicians designed it,” said Lussier. “They are very interested in designing the new system, but that’s not going to happen. The consumer is going to design it.”

It’s not surprising that physicians generally are divided into two camps. Some are “really getting excited about the new customer-driven business model that affects us all,” said Lussier. “But there are others who resist wholeheartedly.” Lussier believes that the Internet is going to continue to have an increasingly profound impact on all aspects of health care, not only on hospital services but also on how physicians manage their

practices. He predicts that eventually every doctor will offer patients a choice of consulting that doctor's Web site and the ability to communicate via e-mail.

With the surplus of healthcare-related Web sites popping up all over the Internet, if patients can't access the information they need from their physician, they will get it somewhere else, such as through their insurance plans. These days, patients are no longer compelled to physically visit a doctor's office to find out what their alternatives are. They have the choice of doing their own research from home and as a result are able to ask better questions as they and their doctors work through to decisions.

St. Charles uses a variety of methods to get the word out to patients that its many services are available. Although the hospital uses public service announcements and direct advertising, the primary vehicle is personal contact. "About 60,000 people from Bend and Central Oregon have some sort of contact with St. Charles either via visiting the Emergency Room or being admitted as a patient, or having experienced out-patient services," explained Lussier. "So, they see the valuable additional services that we offer and experience our desire to inform the patients about all their options first hand. It's word of mouth that is the most powerful differentiator in our business, so we depend on our customers to spread the news. People in this region are aware of the choices we offer."

Feed the Children: Make Life Easy for Your Customers

Feed the Children, may be a nonprofit charity, but this international hunger relief organization must still

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function as an effective business. Management understands that donors respond to choices, and the more choices they have, the more often they will donate—and perhaps in increasing amounts.

Based in Oklahoma City, Oklahoma, Feed the Children is a provider of emergency services in times of hurricane, flood, earthquake, and even manmade disasters such as the Oklahoma City bombing. The organization's priorities are providing food, education, and medical assistance. As explained by Paul Bigham, vice president of donor relations:

Feed the Children is a conduit through which donors can accomplish what they want to. We match up needs with resources. Our job is to match those who have the resources—and who want to give—with those who have the needs. We treat every donor like an individual. There are economic realities that we have to deal with, but our goal is to be as close to each individual as we possibly can; it makes economic sense to do so. Feed the Children operates primarily through its own valuable transportation system. For example, we may know that there are goods available in San Francisco and that there are people who need them in Los Angeles.

The organization has more than seventy trucks that are dispatched to pick up food, diapers, mops, brooms, and shovels or whatever needs to be picked up and delivered to wherever the needs are. “We can arrange the pick up and delivery of those goods from Point A to Point B, whether with our own vehicles or some other means, such as drop shipping. We don't move anything unless it's consumable. Once something reaches its shelf life, it has X amount of days by government standards to

be consumed without creating a harm to the public,” Bigham told me.

The organization works with a broad network of 6,300 large partner organizations, such as the Dallas/Ft. Worth Metroplex Food Bank, which have both the capacity to store goods and the connections to downline the goods to an even broader network of some 25,000 smaller community service providers in all fifty states and the District of Columbia.

Bigham compared Feed the Children’s network to a typical marketing distribution system of wholesalers and retailers—from Frito-Lay to the local IGA supermarket. For example, Feed the Children had a donor in Orange County, California, who wanted to sponsor a truckload of food. (A truckload can range from 25,000 to 45,000 pounds of food, depending on the goods in the shipment.) Feed the Children found a lead partner organization—in this case, the Orange County Rescue Mission, which has a system of a couple of dozen smaller groups, such as soup kitchens, church pantries, and local food banks, which distribute the goods into the community.

Increasingly, according to Bigham, the crucial choice for donors is finding an organization equipped to pick up and distribute the goods. Quite often, a manufacturer of a food product finds itself—for a variety of reasons—stuck with excess product that must be disposed of to make room in their warehouses for new product. Rather than throwing these goods into the dump, manufacturers want to find a way to get them to the individuals who need them. And they must be reassured that these goods won’t be sold on the black market, resold to a third party, or subject to any kind of product liability. That’s where Feed the Children comes in. Larry

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Jones, the evangelist who founded and heads the organization, has committed to picking up anything that's available within 72 hours. Bigham explained:

For example, if a diaper manufacturer finds itself with diapers on their warehouse floor that they need to get rid of right now, we can go and pick them up and distribute them. We try to make it easy as possible on our customers—who, in our case are called donors—by giving them as many ways to give as we are physically and structurally set up to do. When we can't do that, we try to create a way so that donors can give what they want to give in the way that they want to give it. We find ways to do good things with product that normally can't get into the stream of commerce.

Like any other freight transportation company, Feed the Children calls on customers and receives calls from customers. "We will call on manufacturers of beverages or snack foods or canned goods or diapers or building materials and tell them that we need X product for Y people and we need it by Z date," said Bigham. "If they can do it, they will; if they can't, they don't. That's the basis we work on. If you've got it, that's great. If not, we'll try you next time. They always have the choice to help or not to help." Sometimes the call is initiated by the donor/customer. Bigham recalled one instance where a major beverage company discovered a typographical error on labels that it had already applied to its bottles. After the company calculated that it was cheaper to dispose of the bottles than it would be to remove the labels and put on new ones, they contacted Feed the Children, but with one primary stipulation: the

product could not be distributed in the company's normal markets.

"We said we could send it internationally for them," added Bigham, who noted that Feed the Children has provided assistance to more than 75 countries. "They asked where it would go. We told them. We arranged everything for them. The company was excited because (1) we disposed of the product for them, (2) it didn't have to be poured down the drain, and (3) children in this third-world country were able to be treated to this incredible beverage that had just one flaw—a typo on the label. Those kids didn't care what the label said. It was a gift from heaven."

Another time, a donor needed to get rid of a boatload of bananas because of tariff considerations, and asked what Feed the Children could do with it. "We said, 'Give us 30 minutes and we'll figure it out,'" Bigham recalled. "We picked it up in a port in the South and were able to give it to service providers in the Carolinas and Georgia, who distributed the bananas to rescue missions, soup kitchens, and individuals in the country and the inner cities. That was a real delicacy for the people who needed it. That was a very unusual situation, but we had the capacity to move those bananas."

Feed the Children affords individual donors the choice of where they want their donation to be sent, domestic or international. They can earmark their gift to virtually any community or organization in America as long as it's economically feasible. "Some organizations can't do that because of their structure, size, longevity of existence, and so on," said Bigham. "We can't always do it internationally because of government restrictions. But we are able to get more food into restrictive countries

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than most any other organizations because we have a network system set up to do that.”

Donors have a wide variety of options for giving. A donor could send a check for a single gift that would allow Feed the Children to purchase food at the price of 14 cents a pound. A donor could join an affinity group with other donors called the “Thousand-Pound Club,” which sponsors the purchase of a thousand (or two thousand or three thousand, etc.) pounds of food. Another option is to buy a total sponsorship of the costs of a truckload of food—weighing between 25,000 and 45,000 pounds—or a partial share, ranging from a sixteenth to a half. In 1999, the cost of that truckload was \$5,400. For that sponsorship contribution, Feed the Children provides the donor with tangible, physical involvement with its service. For example, an individual who wants to sponsor a truckload of food can come to that food drop and be on site and watch it be unloaded and distributed. Bigham recalled:

We had one gentleman who grew up in Williamson County, West Virginia, which is near the depth of Appalachian poverty. He grew up a barefoot coal boy living up in the hollers [hollows]. He became very successful and today is the owner of several automobile dealerships in Central Florida. He wanted to sponsor two truckloads of food for the impoverished county where he grew up. He went back with us and watched that food being unloaded. He didn't want to say a word. He didn't want to be spotlighted or interviewed on radio, television, or newspapers. He just wanted to put food back into that county. When he was asked to speak, he couldn't. He was so choked up; he had a lump in his throat. His wife spoke for

him. Look what this gentleman bought for \$5,400. That was his choice.

Operating on founder Larry Jones' philosophy that there is no wrong way to feed a hungry child, Feed the Children's attitude on providing choices is that, "If we can legally, morally, and economically structure a gift that accomplishes what the donor wants to accomplish, then we'll do it; we'll find a way within those parameters," said Bigham. Talking about Jones, Bigham went on:

Larry is a pastor, a minister, an evangelist, and a humanitarian. He's also very entrepreneurial and an astute businessman. Ever since he founded and started this organization in 1979, he knew that unless you give good service and offer a good product, people aren't going to buy from you. In this case, if we don't have a good service, people aren't going to donate.

One of the things that we are seeing in the general marketplace is convenience in packaging. We are seeing that as well in the philanthropic and humanitarian areas. As a result, we are constantly looking for ways to package humanitarian and philanthropic efforts in the most expedient manner.

One of the true essentials of fund-raising and development is watching the numbers; watching the market. We are very market driven. We are reflective of where the market is going and what the market wants to do—if it fits within our charter. It's almost an arrogant stance if you don't move with the market. You'll dry up and blow way and your service will dry up and blow away. Why not feed more children by following where the market has an interest? We

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don't do massive market research, but we watch our numbers. When we send an appeal out, we watch how the response comes back in. When we talk about Country A or State A, and people don't support it, we get the message that that's not an area they want to support. The reality is that there are certain countries that don't generate a huge interest in support. If we talk about Country B or State B and people send in their gifts, we say, this is what people want to do. People can be extremely specific—they'll want food delivered, for example, only to Hazard County, Tennessee—or they might be more general: deliver it anywhere east of the Mississippi River.

But even if the market does not favor a particular country, that doesn't mean Feed the Children will not try to help that country. When donors fill out a form directing where they want their money to go, they have the option of checking a box that says, "Where Needed Most," which enables Feed the Children to make the decision where disposable, discretionary funds can be spent. Bigham said the organization does not want to be so market driven that they end up sacrificing who they are.

Feed the Children offers a variety of options for individuals and corporations to participate in their programs. Individuals can designate a donation to be deducted from their paycheck or their checking or savings accounts. They can give a straight cash gift or donate a product or both. Companies can help sponsor events or concerts. They can arrange for their employees to unload food or other products from Feed the Children trucks as a community project.

Many corporations find that a tie-in with Feed the Children translates into goodwill in the community

and improved sales. For example, the owner of an oil-changing service once advertised that for three weeks, he would earmark \$5.00 out of every \$19.95 oil change in his 27 different locations for Feed the Children. "He received great exposure on television, radio, and newspapers," said Bigham. "He got people feeling good about him. He expanded his public profile. He created better brand-awareness and loyalty. This was part of his personal and spiritual and humanitarian beliefs."

Feed the Children is associated with several high-visibility entertainers and sports people, such as recording stars Garth Brooks, B.B. King, and Ricky Skaggs and Dallas Cowboy football stars Troy Aikman and Emmitt Smith. "Garth Brooks has a real heart for hungry children," Bigham told me. "He's looking for a way to help get food out to those who need it. When he has a concert, he asks people to bring a can of food and give it to Feed the Children. That's a choice for him."

Charitable organizations are all keenly aware that over the next several years, trillions of dollars in wealth will be transferred as the older generation passes on. The people planning their estates are faced with a myriad of choices of where that money should best go—to the government, to their children, or to a nonprofit.

As a nonprofit, Feed the Children offers people the choice of shielding or deferring taxes. Feed the Children can be designated in an estate as a trust or a charitable remainder trust; it can receive a bequest. If a donor doesn't want to give cash, he has the option of donating through stock transfers or appreciated assets. A donor could also set up a perpetuating charitable legacy or get his or her name on a wall or a building or a project. It all comes back to choices.

"In 24 years of working in nonprofits, I've found that, above all, donors want to have confidence in a system,"

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said Bigham. “Donors have donor remorse just like buyers have buyer remorse. They ask themselves: Did I make the right decision? Is this organization going to do what they said they were going to do? It’s up to us to reinforce to that donor that (1) they’ve made a good choice, because it is going where they want it to go; and that (2) we have used that dollar economically and efficiently, so they see they have made a wise decision.

“So, we send back information to the donors—not substantiating every single dollar that comes through—but substantiating the programs that we have, giving a tangible, visible, aural representation of where that dollar went and how it was used. People don’t want to give the guy or lady on the street a dollar. They want to give the dollar to the organization that has the structure so they can see that the dollar goes for food.”

All businesses can benefit from attempting to predict questions from their customers. The people at Feed the Children understand that they also have to answer the question that the donor is thinking to himself, but does not say out loud: What’s in it for me?

“When a donor asks that question,” says Bigham, “we have a long list of answers. We can say, ‘Your donation went where you wanted it to go, it was economically delivered, it reached people that you couldn’t reach by yourself, it protected you from being in the environs where you don’t want to be in. The essence of truth in all we do is to try to answer that question so that the customer is satisfied.’” On a spiritual level, sometimes people give because they want to have certain spiritual precepts reinforced. “At Feed the Children,” said Bigham, “we are doing what we do from both a professional perspective and a spiritual perspective because we know that ‘there but for the grace of God go I.’”

Mike's Express Carwash: Help the Customer to Make Sound Decisions

Some companies are popular because they've simplified the buying process by making all the choices for you. One of those companies is Mike's Express Carwash, a 19-unit chain of automated carwashes based in Indianapolis, Indiana, which offers its customers speed, high quality, and attentive service.

Mike's offers customers a variety of choices. There's a package that includes a wash, Mike's Clear Coat (a specially formulated product that adds shine and protection to a car) and Wheel Bright (a process that removes the brake dust to product shiny and clean wheels), as well as another package that includes a wash, Mike's Clear Coat and an underbody wash. The deluxe package is called "The Works," which comprises a wash, and underbody wash, Mike's Clear Coat, and Wheel Bright. Machines perform all of these tasks, which are also available a la carte.

"The concept is that the customer stays in the car, and when he leaves, it's completely cleaned, dry, and shiny," explained Bill Dahm, whose father and uncle started the family company in 1948, and ran it for 30 years as a full-service business. "I emphasize the word 'dry.' In many exterior carwashes, the customer has to get out with a towel and dry their own car. We have all the technology that provides for detail-oriented quality in a very short period of time."

As Dahm sees it, the typical carwash has what he called "task interference." The operators of that kind of carwash "come up with all these things that customers want. But they don't realize that trying to be everything to all people, slows your operation down. "If an operation

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like ours runs too slow, people will choose not to come often because we live in a society where people's time is the currency."

Mike's Carwash does not offer customers the choice of having the inside of the car cleaned because that job is too labor-intensive and time-consuming. Instead, it does provide high-suction vacuum cleaners to customers who want to clean the interior themselves. Mike also provides space on its property for people to do that. A vending machine supplies extra cleaning supplies for windows and dashboards. Again, all of those materials are for self-service. Offering lower grade service of non-specialty tasks is a good tactic for all businesses that have to factor in the customer's time. Explains Dahm:

For a dollar, you get four minutes of sweep time. Many customers don't do that every time. They may wash it three times, and on the fourth time, do the sweeping. Mike's is selling actual speed as well as the perception of speed to its customers. At most carwashes, you drive by and you'll see 20 or 30 people waiting. At ours, it's three or four. People driving by see that they can get right in and right out. There is a psychological factor; long lines influence a person's decision of whether it's worth taking the time to get their carwash.

"Most people don't go to carwashes to just visit," Dahm quipped. "It takes too long. I've never seen any carwash company that gets its customer in and out faster than we do. They are in and out in two minutes. Very seldom will you see a line at our carwash. That's why we call our concept Mike's Express. We started using the word Express before it was popular, back in 1978. Some companies give people all kinds of choices,

but a simple approach to choices work for us. One of the biggest things we're selling is a very fast experience."

Continental Airlines: Offer Customers Choices They Will Pay For

Gordon Bethune, the chairman and chief executive officer of Continental Airlines, takes a refreshingly realistic view toward providing his airline's passengers with choices:

Just asking people what they want, they'll write you an epistle. So, we don't ask customers what they want. We ask them what they want that they will pay for. If they won't pay for it, we don't feel the need to work on it because it adds no value. Passengers would like extra legroom, but they won't pay for it. Passengers want somebody who is nice, who does what they say they're going to do, and who gets them to their destination on time.

Like every other airline, Continental offers the usual choices—First Class or Coach seating; aisle or window; chicken or fish—but it also offers choices of how customers want to buy their seats. "You've got different kinds of customers, so you have to use the mode that they want to buy from you," Bethune told me:

Some people are 100-percent price sensitive. They don't care about Continental or any other airline. We need to know that. So, we and other airlines sell our excess, distressed inventory on Web sites such as Priceline.com, where the customer doesn't know which airline he is going to take or how many stops he's going to make. That customer just cares about

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the price. If that's what he wants, we've got it for him.

The second category of customer is loyal to Continental and wants the best fare while taking advantage of the company's frequent flyer program or service levels. Those people come to the Continental Web site, which offers lowest price Continental airfares. "We guarantee that you will not find a cheaper Continental ticket than what you can buy on our Web site. You might find a match, but you won't find it for less," Bethune promises.

The customer in the third category wants to view Continental in the context of United, Delta, American, and others. So in mid-2000, Continental and 26 other carriers banded together for ownership of a Web site that is managed by a third party and will have a hyperlink to each airline's Web site. Unlike online travel Web sites, where airlines pay for preferential placement, the new site, called Hotwire.com, will offer a customer an objective look at prices, according to Hotwire.

My favorite Continental Airlines' choice is the option to carry on a bag that is bigger than those allowed by the other major carriers. Bethune was moved to make that decision when he was flying out of the San Diego airport and witnessed a confrontation between security guards and a Continental passenger over the size of a bag that was too large, according to the baggage "sizer" that was installed by Delta Airlines, which manages the security contract for the concourse Continental uses at that airport. Continental ticket agents ultimately escorted the passenger through security by explaining that the bag conformed to Continental's

specifications. If you fly a lot and prefer to carry on your luggage, that's a choice you can appreciate. In that and many other ways, the airline ensures that the customer has a set of unique options if they chose to fly Continental. This type of strategy is applicable to any business.

KEY WAYS TO OFFER CHOICE

The best customer-service companies provide their clients with a plethora of options because the more options the more likely the customer will prefer to do business with you rather than with your competition. The following key questions and strategies will help you to evaluate how your business addresses the issue of offering choice:

- Are you providing your customers with choices, or are you a one-size-fits-all business?
- Examine the choices you offer your customers.
- Evaluate whether those choices are adequate.
- Examine the choices your competition offers your customers and respond to that difference.
- Use choices as a tool to greater sales and greater customer relationships.
- Make sure all your employees are aware of—and can talk about—all of your choices.
- Provide your customer with alternatives—rather than having to say “No.”
- Provide your customers with several different—and effective—ways to contact you.
- Educate your customer to make sound choices.
- Figure out which choices the customer is willing to pay for.

