



Texas A&M Center for Retail Studies Summit, September 18-19, 2004
The BIG IDEA, by Ken Banks, CEO, KAB Marketing.

- I. *Connecting with the Customer is the key to retail success in today's competitive marketplace. Retailers must focus on the point of the connection—when the customer interacts with the salesperson—if they want to build a loyal, profitable relationship with their customer.*

You read about it all the time in trade publications, annual reports, and CEO statements to analysts, "Our people are our most important asset". After listening to a brilliant group of presenters at the summit, one can surely add, "Our people are the Key to making a connection with our customers." From the introductory comments by David Szymanski to the final impassioned presentation by Harrah's Gary Loveman, the same "big idea" kept being hammered into our minds and on to my pages of notes. *It's the people, stupid.* Retailers continue to spend millions of dollars and hundreds of hours creating new concepts and programs to better reach their target customer, but it all boils down to what happens at the point of contact—when the customer walks into the store (bank, restaurant, etc.) and encounters a real, live person with a badge on. If we don't spend the time and resources to insure that our staff has the same passion for and understanding of our vision and brand strategy, we have quite simply wasted most of our money.

David Szymanski encouraged us to "Hug our Customer" and the only way you can do that is by having a relationship with him or her, which begins on the sales floor. No number of mailers, emails, loyalty cards, discounts, etc, can take the place of a pleasant, genuine relationship. As Dr. Cialdini said: "It goes beyond the product or store. People go because they like the "hostess" (as in Tupperware). And you have to train your people to be liked." Consistency is the key. And what is the biggest conduit of consistency? The way your people treat your customers.

You have to keep passionately at it too. Gary Kusin of Kinko's said that to focus on your customers, you have to cultivate a customer-focused culture internally and then keep score of you best performers. His "Green Machine" is a way to share the best practices with the entire organization. In the same way, Tom Root of Zingerman's Deli didn't talk about corned beef, he talked about service and that it was great service that separated them from any other similar store. As he said: "Service by the beauty of its performance transfers a transaction to a meaningful experience." Southwest Airlines' story has been told hundreds of times, but Davis Ridley summed it up when he said that Southwest was "in the customer service business and they just happen to fly airplanes". A big idea? Absolutely. Revolutionary? It shouldn't be. Unless retail management recognizes this, stores will continue to be frustrated in their quest for growth and market share. As Ridley said, "we must become as obsessive with how our employees think and feel as we do about our customers. And all of the other presenters gave examples that verified this philosophy. Design within Reach, Sur La Table, and Best Cellars all attribute their success to the experience they provide their customers, an experience that is provided more by the people in the stores than by the exciting merchandise or store décor.

Looking at the revolutionary design that Lee Carpenter showed for his client Washington Mutual, it was interesting that what made it so great and so successful was that it allowed for more personal interaction with the bank's customers. Lisa Harper of Gymboree said, "Find great people. Then give them lots of responsibility." Gary Loveman got to be CEO for Harrah's primarily due to an unbelievably successful CRM program. But he spent most of his presentation time talking about how he improved the level of service everyday in the casinos by rewarding everyone in cash for outstanding service.

Big idea? Yes. Critical? I will let Kirbyjohn Caldwell's words sum it up. Without a vision you perish. Without the right people, your vision will perish."

II. *It's time to make the responsibility of getting the right people in the stores and organization EVERYONE'S priority, not just Human Resources.*

As a former marketing executive for over 30 years with a number of major retailers, I can relate to abdicating the people decisions to HR. It's time to stop. If the people are as critical to the success of the store as every one of the presenters passionately declared, then why do we leave it up to one department—a department that more often than not is not involved with the development of the brand strategy and vision of the company. It's time to make it a priority from the top level on down. It's time to make marketing responsible for determining what kind of people will represent the brand that they have so painstakingly developed. It's time for operations to hire only those people (as Terri Kabachnick said) who have the natural beliefs, behaviors and values that are necessary for success. It's time for conferences such as this one to be mandatory attendance for senior executives from all areas within the organization. The answers are right there in front of us. There is obvious consensus by a number of experts and successful stores about how people are key. It's time for stores to get into the people business. The CEO must, like Loveman said, become the SERVICE CHAMPION.

Stores are struggling because they are not *Connecting With the Customer*. We should take a clue from Southwest Airlines' Davis Ridley who said: "Connecting with the customer is all about people. It's just that simple."

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