

ARE YOU BEING SERVED?

by [James Surowiecki](#) September 6, 2010



American workers are mad as hell, and they're not going to take it anymore. That's the clear message of flight attendant Steven Slater's emergence as a "working-class hero," after he threw his job away with a tirade against passengers and a slide down an exit chute. Slater's fifteen minutes of fame may be winding down, but his heady time in the spotlight—he was the subject of numerous tribute songs and his Facebook fan page drew more than two hundred thousand people—suggested just how frustrated employees are with stagnant pay, stressful working conditions, and obnoxious customers.

Still, there was something a little surprising about the adulation. After all, the public comprises customers as

well as workers, and everyone knows that the contemporary customer is mad as hell, too—fed up with inept service, indifferent employees, and customer-service departments that are harder to negotiate than Kafka’s Castle. Witness the popularity of last summer’s customer-service sensation Dave Carroll, whose guitar was broken by careless United Airlines luggage handlers and who wrote a song slamming uninterested flight attendants and stonewalling customer-service reps. As protest songs go, Carroll’s “United Breaks Guitars” isn’t exactly “Blowin’ in the Wind,” but it has garnered more than nine million views on YouTube. When it comes to customer service, it seems, people are unhappy no matter what side of the counter they’re on. Why can’t we get it right?

For a start, most companies have a split personality when it comes to customers. On the one hand, C.E.O.s routinely describe service as essential to success, and they are well aware that, thanks to the Internet, bad service can now inflict far more damage than before; the old maxim was that someone who had a bad experience in your store would tell ten people, but these days it’s more like thousands or even, as in Carroll’s case, millions. On the other hand, customer service is a classic example of what businessmen call a “cost center”—a division that piles up expenses without bringing in

revenue—and most companies see it as tangential to their core business, something they have to do rather than something they want to do. Although some unhappy customers complain, most don't—one study suggests that only six per cent of dissatisfied customers file a complaint—and it's tricky to quantify the impact of good service. So when companies are looking for places to cut costs it's easy to justify trimming service staff, or outsourcing. The recession has aggravated the problem, as companies have tried to cut whatever they could—the airlines, for instance, have trimmed payrolls by sixteen per cent since 2007—but even in more prosperous times there was a relentless emphasis on doing more with less. That's how you end up with overworked flight attendants, neglected passengers, and collective misery.

In some areas, the push for efficiency can be a boon—the shift toward just-in-time production has helped transform American manufacturing by making it leaner and more efficient. But this approach isn't well suited to solving customers' problems. Modern businesses do best at improving their performance when they can use scalable technologies that increase efficiency and drive down cost. But customer service isn't scalable in the same way; it tends to require lots of time and one-on-one attention. Even when businesses try to improve service,

they often fail. They carefully monitor call centers to see how long calls last, how long workers are sitting at their desks, and so on. But none of this has much to do with actually helping customers, so companies end up thinking that their efforts are adding up to a much better job than they really do. In a recent survey of more than three hundred big companies a few years ago, eighty per cent described themselves as delivering “superior” service, but consumers put that figure at just eight per cent.



"A.T.&T. sent this drink over in the hope that you'll consider switching your long-distance provider."

You might say, of course, that we're just getting what we pay for: service is on the decline because consumers have been conditioned to demand low prices, and low prices usually mean small payrolls and cheap wages. (It's no coincidence that the one consistent exception to the general malaise is the luxury business, where, as a

recent Booz & Company study put it, service is a true “differentiator,” and where cost is much less of an object.) But there are companies that have managed to use superior service to distinguish themselves from their competitors and still deliver reasonable prices: the employees of the online shoe retailer Zappos.com are famous for going to exceptional lengths to keep customers happy. Doing this, though, requires an investment in service that most companies aren’t willing to make.

The real problem may be that companies have a roving eye: they’re always more interested in the customers they don’t have. So they pour money into sales and marketing to lure new customers while giving their existing ones short shrift, in an effort to minimize costs and maximize revenue. The consultant Lior Arussy calls this the “efficient relationship paradox”: it’s only once you’ve actually become a customer that companies put efficiency ahead of attention, with the result that a company’s current customers are often the ones who experience its worst service. Economically, this makes little sense; it’s more expensive to acquire a new customer than to hold on to an old one, and, these days, annoyed customers are quick to take their business elsewhere. But, because most companies are set up to focus on the first sale rather than on all the ones that

might follow, they end up devoting all their energies to courting us, promising wonderful products and excellent service. Then, once they've got us, their attention wanders—and Dave Carroll's guitar gets tossed across the tarmac. ♦

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