The customer is not always right

Note: This article primarily refers to providing customers with services; however, this concept applies to providing customers with both products and services.

If you have been in any service industry for any length of time, I am sure that you have heard someone make the statement, “The customer is always right.” A quick web search will bring up numerous stories where organizations have gone to extreme lengths to satisfy a customer’s needs or whims. You will probably find dozens about Nordstrom alone because the company has a legendary reputation for going far above and beyond for their customers.

The adage is a reminder that organizations have to meet their customers’ needs to be successful. If you do not meet your customers’ needs, they have no need for you; or at the very least they will be unhappy with your service. The problem occurs when this statement is interpreted to mean that an organization must go to extremes and give the customer exactly what they ask for, when the y ask for it, regardless of what it takes to do so. It has been my experience that this phrase usually gets thrown out by customers when they are not getting their way and they think the statement can bully someone into caving in to their demands.

The truth is the customer cannot always be right.

Why the customer can’t always be right

In any transaction there is an exchange, with the customer providing something to the organization (usually payment) in return for services. The organization is entitled to be fairly compensated for the services they provide, and, in turn, the customer is entitled to a specific level of service in return. As long as there is a balance, the customer is satisfied and the organization can function efficiently. It would be great to say that when a customer comes to you with a request, you would be able to say they are always right and go to any length to help them. The problem is that some customer requests would result in the balance between customer and organizational entitlement being badly thrown out of balance, and resulting in a poor business decision for the organization. This usually results from the customer request taking up too many of the organization’s resources for the value the customer provides in return. Customers generally do not fully understand all of the factors that an organization must deal with, and excessive requests come from a lack of this familiarity. Requests that constitute a bad business decision would be things that create excessive:

- Costs to the business
- Reduction in capacity
- Interference with the organization’s ability to serve other customers
- Stress on the workforce
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- Waste in the organization

Let me give you an example. I used to work for a large company that prided itself on providing great service to its customers, and servicing the products that it sold. At the time of purchase, customers were given the opportunity to purchase extended service plans on some items that were expected to last customers for a number of years. If something went wrong with the item while it was covered under a service plan, the company would send a service technician to the customer’s home to make repairs. For the purposes of this example, let’s say the service plan cost the customer $100 and the cost to send a technician to the customer’s home and make repairs was $50. Over the life of the product, the company could send out a technician to make two repairs and break even on the service plan, all while providing the customer with good service and standing behind what they sold.

At one point it was noticed that some customers seemed to have an unusually large number of service calls on their products (far beyond two), and the company decided to take a closer look at what was causing this. Through careful analysis, it was determined that a percentage of service plan holders were intentionally overusing their service plans for things that were not related to product failures. After reviewing a large sample of the service calls, the project team found that some customers were calling and requesting that a service technician be sent to their homes for issues that were very minor (changing light bulbs, cleaning the product, etc.), and others were just calling to have someone come to their homes because they were lonely and wanted someone with which to talk. In these situations, the customers claimed that since the organization had offered them service plans they were entitled to use them as much as they wanted, regardless of the reason - that the customer is always right.

These customers were not right. The organization was not able to realize the value which they were entitled to from these transactions, because the customers were taking unfair advantage of the service agreement and gaining far more value than they were entitled to. The results of these service abuses were:

- A reduction in the capacity of service technicians to serve other customers who had legitimate issues with their products.
- Increased staff, fuel, vehicle maintenance, tool, and parts costs which increased the general cost of service calls for all customers.
- Waste in the form of decreased staff productivity, lost time and wasted fuel and materials.
- Technicians experienced greater stress and frustration while dealing with these customers, all while knowing that these service calls were unnecessary.

In the end, the company addressed these issues with each customer, canceled their service plans and refunded their money, and politely asked them to take their business
elsewhere. I am not saying that this is the best solution; I just include it here so that you know the story, and I do not know if the terms and conditions of the service plans were changed to prevent these types of abuses in the future.

**How to say no to the customer**

I want to be clear, I am not saying that it is a good thing to deny your customers or provide poor service in any way. I am a big advocate of finding ways to give your customers what they need and more. What I am saying is that there are limits to the levels of service you can provide before the situation moves from taking care of your customers into the realm of damaging your operations and creating problems for your staff.

As an organization (or department or team) you need to clearly define the limits of the customer service you are able to provide, and be aware of the ramifications of exceeding those limits. The service limits you set should be flexible enough to cover the vast majority of issues that customers may encounter, and allow for exceeding those limits only when the situation absolutely warrants it. In this way, you will be making informed decisions about the levels of service you are able to provide. Once your service limits are set stick to them, but be sure to periodically reassess them and make sure they are still valid. If you find that you can expand your service limits, then by all means do so. If limits need to be tightened up, only tighten them as much is necessary.

Help your customer by working with them to fully understand their needs, and help them understand your service limits. Clearly state what you can do to meet their needs, and provide them with as many options as possible. Once you have presented the customer with the options available, step back and let them decide what would be best.

At those times when you do have to turn down a customer’s request, be especially sensitive toward how you address them. You do not want to compound the fact that you cannot give them what they want with a negative attitude. Stay friendly and positive, but ensure that you stick to your service limits.

Telling a customer that there are limits to the services that you can provide to them is not easy, but is essential to maintaining the balance of value entitlement in any interaction. It is important for organizations to understand that the customer is not always right and that setting limits on the service that can be provided is critical to efficient and effective operations. As always, I welcome your questions or comments. You can email me at clayton.taylor@asu.edu.

**About the author:**

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