

Customer

Focusing on Customer Satisfaction and Retention

RELATIONSHIP MANAGEMENT



The Customer **EXPERIENCE** JOURNEY

PLUS...

Behind the scenes with Barefoot Cellars founders


13 worst customer service mistakes—ever

How to truly capture the voice of the consumer



THE BAREFOOT SPIRIT

Barefoot Cellars founders Bonnie Harvey and Michael Houlihan got up close and personal with customers and put the entrepreneurial spirit to work to make their company a success. Here's what you can learn from them.



By Robert Cohen

Bonnie Harvey and Michael Houlihan know a thing or two about success. As the founders of Barefoot Cellars, they took their brand from a standing start in 1985 to a popular favorite by 2005. When they sold the company to E. & J. Gallo Winery that year, the entrepreneurial company had made its mark in the wine-selling world, shipping 600,000 cases annually—not bad for a pair who began this unlikely quest in their laundry-room-turned-home-office, at the time lacking both working capital and practical insights into the vintner’s arts.

So when Harvey and Houlihan say sales and customer care are priorities No. 1 and 2 in the successful business playbook—the functions that everyone else in the enterprise needs to get in line and support—it’s worth a listen.

The entrepreneurs may have started small, but they were thinking big. And part of what they were thinking was how to build a virtual enterprise, complete with outsourced grape growing, wine production and bottling. Barefoot Cellars would be a company without vineyards or organizational silos, but its founders did have a commitment to treat everyone touching their product as part of the customer solution.

“We found out that you could

Barefoot Wisdom

What does an entrepreneurial company have to teach you? It turns out, a lot. Customer care, say the founders of Barefoot Cellars, is “where the rubber meets the road.”

- A company needs to treat everyone touching its product as part of the customer solution.
- Customer complaints can also be viewed as a means of gathering valuable, actionable insights from your customers to improve your offerings.
- The entrepreneurial spirit—individual initiative, risk-taking and innovation—is attractive to even conservative companies.
- The customer care role has two parts: making customers happy *and* making the company smarter.
- Customer care executives need to team up with sales and communicate that they have valuable information to improve products, service and distribution.

Marketing people will put millions of dollars into focus groups to get the information that the customer relationship people already know.

outsource everything except sales, customer service and quality control,” Houlihan says, adding, “We treated our vendors the way we treated our customers. We didn’t take anybody for granted.”

Instead, Houlihan says Barefoot took the long view of customer service, including wholesalers, retailers, the general public, and specific groups and organizations within the general public in its expanded definition.

Up Close and Personal

Then the company builders got up close and personal with their customer set. “We went out to meet our customers in the community,” says Harvey, engaging at various events to better understand consumer interests and issues. Harvey also says Barefoot came up with other innovative methods of reaching out to the public, including becoming, in 1989, the first alcoholic beverage company to put an 800 number on its product.

“We got lots of useful information from our customers,” Harvey recalls. “A lot of it was complaints such as they had opened a bottle of red wine and spilled it on their white dress. ... We knew that whenever someone called us, there were between a hundred and a thousand other people who were concerned about the same thing and didn’t call us. So our 800 number was a real benefit to us.” The true



benefit was not so much for fielding complaints about red wine stains, but for gaining valuable, actionable insights from consumers for improving their offerings.

Houlihan says that if they got someone on the phone they would ask questions such as: Did they like the way it tasted? What did they pay for it? Was it in stock where they usually shop? Were the signs readable? What did they think of the packaging? Did the cork come out easily? “And we’d make sure that our marketing department and our production department—this is what made Barefoot very different—would be listening to consumer relations input and would be incorporating that into the actual design and production of the product and marketing materials,” he adds.

Making Customer-Driven Changes

Product improvements traceable back to customer feedback included changes to the synthetic cork in Barefoot wine bottles. “A lot of people were calling and saying the ah-so [a twin-pronged cork puller] wouldn’t work. It was too tight. It would drive the cork into the bottle. We realized that we had to work on that problem,” Harvey says.

Another “problem solved” was how much wine was going in the bottle. “Customers would call and say, ‘I buy Barefoot wine, but I can’t seem to get a full measure. It seems like the fill lines are all different.

Some bottles are high and some are low. Can't you get a uniform fill line?" says Houlihan.

Apparently not. The production people explained that atmospheric pressure, temperature and oxidization all make a difference in wine levels. Filling up to the top on a hot day could cause the wine bottle to blow its cork. Customers, the producers said, just didn't understand the chemistry involved.

The Barefoot founders did not let a little science get in the way of customer service. "We thought about it and said, 'Well, the customer is always right. So we went back to the customer and said, 'Thank you for bringing this to our attention. We're going to solve this problem immediately.' We had no idea how we were going to solve the problem, but we knew it was a perception," Houlihan says.

"A week or two later, we were at a party. Bonnie was admiring this skirt a woman was wearing. I said, 'What do you like about it? The fabric ... the print?' She said, 'Oh no, I like the idea that it covers the knees but shows off the calf.' I looked at Bonnie and said, 'That's it!'" he recounts. Barefoot added a longer foil cap to its bottles, adding uniformity to how wine level appeared.

"Here we had a very psychological, very subtle competitive advantage on the shelf. And where did we get it from? Customer relations," Houlihan says. Call it a clever bit of organizational ju-jitsu. "The production people said, 'The customer just doesn't understand.' That's just the point. Customers do not



The biggest problem SOCAP members face is that big corporations are so siloed and set up in pyramids.

Putting the interests of the customer first is just part of the American entrepreneurial spirit, Houlihan says. After selling Barefoot Cellars, Houlihan and Harvey wrote a book, "The Barefoot Spirit: How Hardship, Hustle, and Heart Built America's #1 Wine Brand." The title might have included a fifth "H": Hearing. "The American entrepreneurial spirit really has a component—if it's successful—where there is a deep respect for what the customer wants and perceives.

understand. It's up to us to solve their concerns," Harvey notes.

Attention to Detail

On the service end of things, avid attention to customer input helped Barefoot flag holes in its distribution network.

"When you start a brand, the biggest issue you face is 'out of stock,'" Houlihan says. "It's not that your product sells, it's that your product sells out and doesn't get replaced. Once it sells out and doesn't get replaced, the consumers who like it are disappointed and, unfortunately, they won't complain. They'll just buy the competitor's product that's there. So if somebody does call and has the decency to complain that they couldn't find the product, you have to multiply that by a hundred or a thousand people who don't call. We would actually ask their permission to use their recorded message and play it for our distributors so that there was no question in our distributor's mind that there were customers for Barefoot who wanted to buy it and it was out of stock."

It's about understanding the importance of customer relations—the last conversation a company has with the end user.

Otherwise, they go out of business—and fast. When you're a small company or a mid-sized company or even a large company with a progressive attitude, you can't ignore customer service. As far as we're concerned, it's where the rubber meets the road," Houlihan says.

Houlihan and Harvey could impress their views about customer service on others because they owned the company, clearly an important advantage. They do, however, have advice for customer care professionals whose companies just can't seem to find the right road to customer commitment—or don't have the ability to stay on it.

"The biggest problem SOCAP [members] face is that big corporations are so siloed and set up in pyramids ... you've got the CEO on top, the senior vice presidents, the junior vice presidents, the divisions, the departments, the teams and the groups. One of those departments is called sales. If that department fails, you don't need any of the other departments. You're just out of business," Houlihan says.

Everyone's a Part of Sales Support

One of the things that customer care executives need to do is team up with sales and say, "Look, we're the people who actually talk to the consumer. We have valuable information here that can help improve our products, service and distribution.



We feel obligated to pass this information along." He suggests getting that message to the company stakeholders and asking them to create a committee of all the department heads to work out the procedures for implementing this critical customer feedback from sales and customer care.

Barefoot gave the boot to the traditional pyramid structure of corporations, putting sales and customer service at the top of the organization. "Customer was No. 1. Sales and customer service was No. 2. Under that was what we called 'sales support'. That included everybody who was not in sales or customer care like production, marketing, reception, legal, accounting and even the winemaker,"

says Houlihan.

Making everybody part of sales support gives everybody the opportunity to derive professional satisfaction serving the general public, but "they need to get that feedback to know if what they are doing is right," Houlihan says, noting that such customer care generated feedback loops must, at a minimum, include production and marketing. "Sales and customer care are the only groups talking directly to the general public! So you really have to be kind of foolish not listening to these folks," he adds.

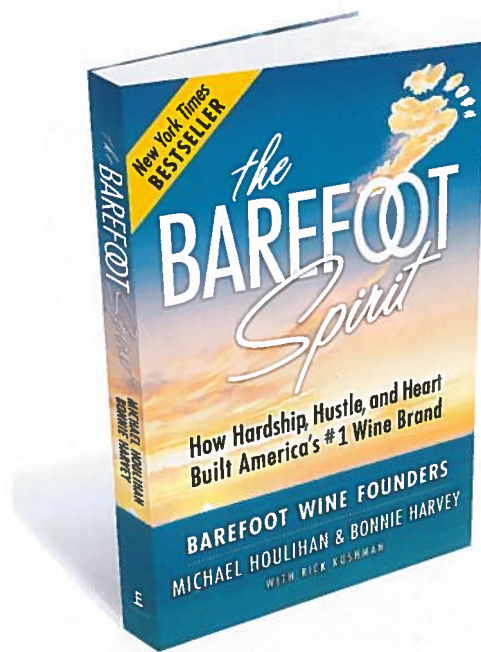
Even so, being made up of human beings, corporations can be rigid and change resistant. And wrong-headed. "Part of the problem is that production and marketing may actually think that

they are above sales and customer relations. They get that idea because of the structure of the company. They often see sales as somehow separate from 'the office' and 'to blame' when sales are suffering. They often see customer relations as 'the complaint resolution department.' But they are not above them. In fact, they should be below them because they're not going to have a paycheck if they can't stay viable and relevant," Houlihan says.

Company size can also get in the way of staying close to customers. According to Houlihan, as the amount of work grows, the division of labor expands. As the division of labor expands, silos appear. As silos appear, workers seek to make their jobs easier by making things uniform. "In the process, they start to remove things like quality cues or authenticity cues from the packaging. They say, 'Why can't all of our packaging look the same?' Or they say, 'I'd still buy it.' Or they say things like, 'We're so big we don't have to bend over backwards anymore. And it makes my job a whole lot easier.' Well it's not about your job, it's about whether the customer is still married to your product or service," he says.

Ideas for Change

Other change-agent ideas? If the corporate pyramid, silos, barriers and impediments still remain firmly in place—short of uncorking a bottle of Barefoot wine—try promoting the entrepreneurial spirit. Individual initiative, risk-taking and innovation are all qualities that can pique the interests of even the most conservative companies. Becoming more entrepreneurial means being better attuned



Barefoot gave the boot to the traditional pyramid structure of corporations, putting sales and customer service at the top of the organization.

to customer issues and perceptions.

"An entrepreneur does not have the luxury of not listening to his customer," Houlihan says. He suggests annual or semi-annual meetings featuring presentations from top sales and customer-relations executives to share customer insights with others in the organization. "Marketing people will put millions of dollars into focus groups to get the information that the customer relationship people already know," he notes.

Regular reports with suggestion and complaint information gleaned from customers can also inform the enterprise and improve its competitive position. Making customers happy is part of the customer care role, Houlihan says, but making the company smarter is just as important. Such insights can cost less than market research and be more current.

"It's about opening up the lines of communication between the various departments," Harvey adds. It's about sharing information. And it's about getting organizational priorities straight. And as Houlihan points out, it's about understanding the importance of customer

relations—the last conversation a company has with the end user. **CRM**

Robert Cohen is a freelance writer for SOCAP.