I am in the belly of the beast. I have risen early, traveled far, and overcome lines, rudeness, and indifference. Now, heedless of my chances of coming back without serious psychological or physical injury, I am journeying into a swamp that has become a source of boundless irritation, frustration, confusion—even fury—for tens of millions of Americans. I open the door and step into a customer-service call center. And not just any call center either—one that is exclusively devoted to handling problems with cell-phones. It’s cool inside and fairly well lit, for a swamp.
I am carrying the very tool itself: a Sprint PCS cell-phone. I love my Sprint PCS cell-phone. But God help me when I have to call Sprint PCS. I have sometimes called this very building in Fort Worth, Texas. Often, I’m not even sure that the customer-care advocate I finally speak with after I’ve been waiting on hold for 17 minutes even knows what a cell-phone is.

I have come here at the beginning of a long journey—really, a quest of the sort that was common in antiquity— during which I will cross the continent several times and seek out both oracles and common folk. I am determined to unravel a central mystery of life in modern America: Why is customer service so terrible?

At the Sprint PCS call center, I am soon teamed up with customer-care advocate Chad Ehrlich, a gracious 29-year-old with years of experience delivering service by phone. Chad takes a call from a businessman in Lubbock, Texas. The man is upset about his bill. It was running $60 to $100 a month. Suddenly, it has shot up to $1,600. “I’m not going to pay it!” the man declares.

Chad is reserved. “Let me take a look at that bill,” he says. Chad whirs through screens of information. “Hold on a moment for me, sir. I’m going to get a representative from the fraud department on the line.” Chad puts Lubbock on hold and dials Sprint PCS’s fraud department, where he reaches a familiar recorded message and is put on hold. Lubbock is on hold for customer-service rep Chad, and customer-service rep Chad is on hold for more customer service.

A female fraud rep takes Chad’s call. She can see from Lubbock’s history that he’s complained about this problem before. The conversation between Chad and his colleague in fraud is frisky.

Fraud: “He thought he was cloned, but he wasn’t.”

Chad: “His bills did go from almost nothing to sky-high . . .”

Fraud: “We can send him to a cloning specialist and make it ‘official’ if you want . . .”

Chad: “He’s denying that he made or received the calls.”

The impatient woman from fraud dials the Sprint PCS cloning customer-care department and . . . is put on hold.

Do you ever wonder what’s going on while you’re waiting on hold for customer service? Really, you couldn’t even imagine.

Chad, Lubbock’s customer-care advocate, is talking to a woman who is Chad’s customer-care advocate. She has called her customer-care advocate, who is busy on another call. So now we have two customer-care advocates on hold waiting for a third customer-care advocate. Meanwhile, a fuming customer from Lubbock (who may or may not be trying to rip Sprint off for $1,600) waits. On hold.

That, right there, is customer service in the new economy. It has become a slow, dissatisfying tangle of telephones, computers, Web sites, email, and people that wastes time at a prodigious rate, produces far more aggravation than service, and, most often, leaves you feeling impotent. What’s even worse is that this situation is a kind of betrayal. It wasn’t supposed to be this way. One of the promises of the new economy was that the customer would finally be in charge. We weren’t supposed to need to call customer care—but if we did, then someone would take our call quickly. (Why not? No one else would be calling.) A customer-service rep would understand our problem practically before we mentioned it, and all would be made right. Everyone believes in delighting the customer.

Don’t you spend most of your day delighted? Here’s a puzzler. Why do we hear this sentence so often: “We are experiencing higher-than-usual call volumes. . . .” If you’re experiencing higher-than-usual call volumes, then why aren’t you experiencing higher-than-usual staffing volumes? How hard is that? What the new economy has done to customer service is exactly the opposite of what everyone predicted would happen. And as chaotic a time as it has been to be a customer, it has been a truly weird time to be delivering customer service. Consider just one example: Five years ago, discount broker Charles Schwab had 1,450 customer-service reps in call centers, and 85% of those reps’ time was spent providing real-time quotes and basic company information, and executing trades. Those 1,450 people, sensing the Internet roaring down on them, were worried about their jobs. Rightfully so. At the end of this past year, Charles Schwab’s customers did 81% of all of those activities without human assistance. So you would imagine that Schwab could have trimmed its costly battalion of customer-service reps to 1,000, even to 500.

In fact, the number of Schwab reps has tripled to 4,500. But they’re not doing what they used to do. Customers have demanded new vistas of service. No one was more surprised than Schwab.

In short, the new economy was supposed to make service better, quicker, and more effective for customers—and easier and cheaper for companies. None of that has come to pass. What happened? I went on a journey to find out.

EVERY COMPANY WANTS TO DELIGHT ITS CUSTOMERS. DON’T YOU SPEND MOST OF YOUR DAYS DELIGHTED?

AT&T is running television commercials for its Worldnet Internet service. One ad features a series of stand-up comics who are making jokes about the bad customer service of their Internet providers (“My online service is like my husband: I stare at it for hours, hoping it will move”).

BOLD PROMISES, BAD RESULTS
Cisco is running a TV commercial that opens with a regular guy on a cordless phone who hears, “Your call will be answered by the next available operator.” Halfway through the commercial, the man has fallen asleep, phone to his ear.

Mockery is a great cultural barometer. Bad customer service is one of the universal—and unifying—experiences of being an American in the 21st century. You get it at Wal-Mart. You get it at Lord & Taylor. But is customer service really worse than it used to be? A panel of customer-service experts that I assembled couldn’t agree.

Don Peppers, 50, of the Peppers and Rogers Group, proponent of “customer-relationship management” and coauthor of the famous One to One Future: “I don’t think that customer service sucks. I think it’s bad. But I think it’s better than it was five years ago.”

Len Schlesinger, 48, an expert in customer service, previously senior associate dean and a professor at Harvard Business School, and now executive vice president of The Limited Inc.: “Let’s see, we’ve gone from ‘meeting customer expectations,’ to ‘exceeding customer expectations,’ to ‘delighting customers,’ to ‘customer ecstasy.’ I hate to see what comes next.”

Patricia Seybold, 51, CEO of an e-business consulting company and author of the optimistic book The Customer Revolution: How to Thrive When Customers Are in Control, which is due out this month: “I agree that customer service hasn’t gotten better since the Internet came along. It has gotten worse. But companies are beginning to realize that we’re very angry at them. Companies that don’t wake up and pay attention to this are going to be out of business.”

Well, we can only hope.

Customer service is a notoriously slippery concept—hard to define, apparently impossible to quantify. But there is one guy who knows for sure what’s happening to customer service, because he measures it in 65,000 interviews a year with American customers.

Claes Fornell, 53, is a professor at the University of Michigan Business School and an expert on “the economics of customer satisfaction.” Fornell is creator and director of the American Customer Satisfaction Index. The ACSI measures how content Americans are with the goods and services that they consume—in the aggregate, and industry by industry, company by company.

Fornell names names! His online data is a carnival for cranky consumers: You can click through and take glee in the lame scores of all of the companies that you love to hate.

First Union, my bank, is down 10.5% in satisfaction ratings since the index started in 1994.

Wal-Mart, my source for diapers, paper towels, and Tide, is down 10% since the index started and down 4% in just the past year alone.

Fornell conceived this herculean undertaking—scores are measured quarterly—because he thought that the U.S. economy was being severely mismeasured. “Eighty percent of GDP is service now,” he says. “We have to behave as though we live in a service economy.”

The ACSI measures the perceived quality of U.S. economic output—the experience of being a consumer in the United States.

In the past five years, the ACSI is down from 73.7 to 72.9. But that number includes everything from Whirlpool appliances to the experience of shopping on Amazon.com.

Here’s the amazing thing: Every measured company in the appliance, beer, car, clothing, food, personal-care, shoe, and soft-drink industries is above the national average. Even the cigarette companies have above-average customer-satisfaction ratings.

Not so for airlines, banks, department stores, fast-food outlets, hospitals, hotels, and phone companies.

“It’s the service that’s bad. ‘Oh, I think we can say that for sure,’” says Fornell.

THE HARD TRUTH(S) ABOUT CUSTOMER SERVICE

I didn’t begin my journey through the service jungle at Sprint PCS by accident, or because I think that the company would be a good target for mockery. Sprint PCS is a pure new-economy company. It offers nothing but service—and it’s digital wireless service to boot. The company’s only product is moving voices through the air. The first time that you could have made a Sprint PCS call was December 1996. From a standing start, in four years, the company has grown to 28,328 employees (10,000 in customer care), 9.8 million customers, and annual revenues of roughly $6 billion. Sprint PCS signs up 10,000 new customers each day.

The company has access to every conceivable technological helper: the Net, automated phone services, and the most-sophisticated call centers. And yet, my own experience dealing with Sprint PCS has been consistently aggravating. In eight years of having BellSouth provide our home phone service, I’ve only had occasion to talk to them three or four times. I’ve talked to Sprint PCS more than that since Halloween—always with unhappy results.

Sprint PCS knows the right thing to do. It just can’t do it. Faerie Kizzire, 51, senior vice president for Sprint PCS, is in charge of customer service for the company. She’s a veteran: She spent nine years at Sprint managing customer service for the long-distance business, then
managed customer service for a health-insurance company, and was wooed back to Sprint to create customer care for wireless.

I tell her the story of a call I have just listened to with Chad: Marlene in Ohio has had to call three times just to get a credit for charges that shouldn’t have been on her bill in the first place. Before Chad, two customer-care advocates dealt with Marlene by simply telling her that she was wrong. As Chad discovers, Marlene was in fact improperly charged. So why did that happen? Why did two customer-service reps argue with Marlene, rather than credit her? Why does Marlene know more about her calling plan than customer care does?

Kizzire is disappointed. “The complexity of the product and the variations in the product can make that kind of problem very difficult,” she says. “We do see some of our people falling on the side of ‘I’m right’ versus ‘I’m going to make it right.’ ”

Sprint PCS looks as if it’s doing all of the right things. The company’s training program for reps is 6 to 10 weeks long. Across the call center are exhortations to good service: “Did you dazzle your customers today?” Says Kizzire: “It is true that people who have a little bit of knowledge can be dangerous. We always say, Don’t try to dazzle the customer with what you know. These days, many customers have years of experience.”

And therein lies a clue to what’s really happening to customer service—and why. The secret about customer service in the new economy isn’t that it’s bad—everyone knows it’s bad. The secret is that it’s harder to deliver good customer service than ever before. Why? Technology, especially in its early days, is always hard. No surprise there. Why would we expect companies that can’t figure out how to run a phone center—talking to real people about problems in their own business—to be really good at using advanced technology to automate the process of taking care of us?

And customers are more demanding. We want good service, quickly. We don’t wait at gas pumps, we’re antsy in ATM lines, and we pay to FedEx things to avoid standing in line at the post office. Companies have created, nursed, and benefited from this impatience. We are victims of it in our own lives. They are victims of it too. It makes customer service brutally unforgiving.

Technology has, in fact, made some things quicker and easier, and it has allowed us to take care of ourselves. I can plunge through the details of my online bank statement more thoroughly in 50 seconds than any automated voice-mail system could permit in 50 minutes, or than even the most patient phone operator would tolerate. This means that when we talk to someone in person, either things are really screwed up, or we are really angry and want to share that anger with a person. Or both. Technology has made the actual person-to-person customer service of big companies much more complicated and demanding.

Despite all of the consultants, gurus, and outsource providers, customer service is hard to deliver in a mass economy. I wasn’t on the phones at Sprint PCS for more than a couple of hours, and I can see that the real problem isn’t customer service or even culture. No, the real problem is more fundamental: Sprint PCS offers a simple service that is really very complicated. Best tip-off: It takes someone 15 minutes to sell me a phone and a calling plan in a Sprint PCS store. It takes Faerie Kizzire 6 weeks—240 hours—to teach a phone rep to handle any problems that I might have with that phone.

Some Good News. What’s the 411?

My favorite example of new-economy meltdown is directory assistance. Directory assistance should be the perfect new-economy product: It’s just information—and simple information at that. There is an existing way to bill customers, and, given the swift accumulation of databases, directory assistance should be getting better and better all the time.

“It’s gotten so much worse,” says customer-service expert Patricia Seybold. “Now you get the wrong number all the time.”

I’ve kept track during the past two months. Over several dozen calls, directory assistance delivered the wrong number about half of the time. Of course, you get charged for the wrong numbers, just as you do for the right numbers. If it’s a long-distance number and it’s wrong, you pay for that phone call too. As if that weren’t enough, here’s a moment of customer delight: Call directory assistance and try to get a credit for a wrong number.

“I’m sorry, sir,” says the abrupt operator. “We don’t give credits.”

“I beg your pardon?”

“We don’t give credits, sir. You have to call your local phone company. When your phone bill comes.”

“At the end of the month?”

“Correct, sir. Is there a number you need?”

So now I’ve paid once for the wrong number and paid again to be told that I have to call some other company, some other time, to get my $2 back.

Yet one company gives delightful directory assistance—polite, accurate, helpful. It is none other than . . . Sprint PCS. The contrast between cellular directory and land-line directory is as dramatic as the contrast between Sprint PCS directory and Sprint PCS customer care.
Ask Sprint PCS for a restaurant’s number, and they offer to make a reservation. Ask for the number of a movie theater, and they offer to read you not just the number but also the movies that are playing at that theater, when they are playing, and who is starring in each movie.

Seybold was able to guess exactly what was going on immediately. “It’s outsourced,” she said.

And so it is. Metro One Telecommunications, a small company based in Beaverton, Oregon, handles directory assistance for Sprint PCS—and also for Nextel and many regional cellular companies. The quality of Metro One’s service is no accident. As Seybold predicted, that is exactly what it is selling to cellular companies: Good directory assistance.

The economics are great for everyone: Even at what feels like an unhurried pace, Metro One’s operators take 50 calls an hour (including breaks, slow periods, and training), which brings in $50 an hour. Half of that goes to Metro One, half is gravy to Sprint (including breaks, slow periods, and training), which brings in $50 an hour. Half of that goes to Metro One, half is gravy to Sprint PCS. Of the $25 an hour that Metro One gets, operators start at some centers at $9 an hour in straight salary—before incentive pay or benefits. Me, as a customer? I get the right number, for about what BellSouth’s wrong numbers cost me.

Metro One has 29 deliberately small call centers: 200 operators or fewer, with 100 or fewer working at any one time. The call center in Charlotte, North Carolina is lean—spartan compared to Sprint PCS’s Fort Worth center. But you can understand the entire place in a single glance. Directory assistance, of course, is child’s play compared to helping people with their cell-phones. But remember: Standard directory assistance is abysmal.


In 11 minutes, she takes 17 calls—38.8 seconds a call. Heather’s style is efficient but deliberate. She reads the number slowly to avoid having to repeat it.

What is striking is how little it takes to make people happy, how little it takes to get it right, and how long 40 seconds really is. But what is also striking is how hard it would be to automate this process. To do it right doesn’t require much, but it does require a spark of human intelligence on both ends of the transaction.

Even in these brief encounters, the full range of human character is on display. “I’m looking for Shannon Pickering,” says a man over a characteristically crackly connection. The Charlotte center serves mainly North Carolina and South Carolina, so the operators are familiar with local geography, but Heather and her colleagues can provide numbers nationwide. Heather patiently searches a couple of the towns that the man mentions, without luck.

“I found someone’s day planner in the middle of the road,” the man says. “I’m just trying to return it to her.” Heather ups her intensity a notch. She broadens her search to all of North Carolina, South Carolina, and Virginia. She tries a variety of spellings for the names. Heather tells the man what she is trying. She is regretful. The man is regretful. The call spills past two minutes. No luck.

Metro One’s databases are updated with fresh numbers in real time, all the time. Operators can send along complaints about wrong numbers. All kinds of searches are available. I saw one operator find a particularly elusive residential number by reading through a list of every person who lived on a street.

The Baby Bells shoot for directory calls lasting 17 to 20 seconds, total, compared to Metro One’s 33-second standard. That, of course, is the difference. And as trivial as it may sound—what’s 15 seconds? —companies know how to do the multiplication. At least, they know how to do it when it’s their 15 seconds.

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Metro One’s Charlotte center handles roughly 275,000 calls a week. The math is easy. If each call lasts 33 seconds, as it does at Metro One, then 275,000 calls require 2,920 hours of operator time. If each call lasts 20 seconds, as it does at BellSouth, then 275,000 calls require only 1,528 hours of operator time.

It takes 50% more people to do it the Metro One way. To do it right.

**SECRETS OF THE AMAZON: CUSTOMER SERVICE AS R&D**

For all of its struggles—with its balance sheet, its stock, the union drive, and layoffs—Amazon.com has done one thing brilliantly: customer service. I placed my first order with Amazon in 1997 and have been a steady customer since. In four years of making purchases for myself and for others, I’ve found what I needed, ordered it, received a flurry of emails about my orders, and then gotten either thank-you notes or what I ordered. I’ve never had to contact Amazon about any matter. I have had, in essence, no customer service from Amazon. Put another way, I have had such perfect customer service, the service itself has been transparent. That is exactly what Amazon wants. The goal is perfect customer service through no customer service.

In a very short time, Amazon has set a new standard for customer service, and I went to Seattle to see how. What I discovered is a place
that regards customer service as an R&D lab—a way not to help customers, but to help the company.

“We want to make it easier and easier for our customers to do business with us,” says Bill Price, 50, vice president of global customer service for Amazon. “We want to have everything go so right, you never have to contact us. To do that, we have to stay tuned up. We have to keep asking, What are the problems?”

Of course, every customer-service VP in America, every customer-service VP in history, would agree with those sentiments. Two things make all the difference at Amazon: the view the company takes of customer service and customers, and the way the company is organized to drive home that view.

Amazon doesn’t consider customer service to be the complaint department, or even the quality-control and customer-satisfaction department. Amazon considers Bill Price’s outfit to be a research lab for discovering how to adjust and improve customer service. And Amazon considers customer service to be its core business. The company really offers nothing but customer service.

So every single encounter with a customer—by phone, by email, even by clicking on Web pages—is considered to be the source of potentially vital information about the course of the entire company.

How does that work?

Well, to start with, the company tracks the reason for every customer contact. It keeps a list of the top-ten reasons why customers contact the company—monitoring the list daily, weekly, monthly—and it is constantly working on ways to eliminate those reasons.

For years, the number-one question that people asked Amazon was, Where’s my stuff? Now, on every page, starting with the welcome page, there’s a box labeled, “Where’s my stuff?”

Amazon’s operations are so interwoven with customer-driven changes that employees are briefly baffled when you ask for examples.

“Two years ago,” says Price, “one common problem was, ‘I want to buy five books, and ship them to my five brothers, each at a separate address.’ Our system was originally set up so that one order had to go to one address, forcing the customer, in a case like that, to place five separate orders. Now we have a ‘ship-to-multiple-addresses’ function. And you don’t need to get in touch with us to figure it out.”

Shortly after its consumer-electronics store debuted, Amazon was deluged with requests for a simple chart that would compare the features and prices of similar products, such as MP3 players and digital cameras. As a result, Amazon has developed a product-by-product “comparison engine” that does exactly that.

Just last year, a customer sent an email pointing out something that had bugged him for years: On the main ordering page, customers are instructed to enter their email address and their Amazon password. Next come two options: “Forgot your password? Click here” and “Sign in using our secure server.”

Originally, the options were in that order. If someone simply tabbed from option to option, he would click, “Forgot your password?”—even when what he wanted to do was sign in. Because of that single, irritated email, the ordering page was changed.

Again, though, the head of customer service at any big company could tick off customer suggestions that have drifted up and changed products and operations.

But at Amazon, the notion of customer service as R&D isn’t a slogan, it’s a structure—an unavoidable force to be reckoned with.

Price’s division includes a group that does nothing but analyze and anticipate problems and cook up solutions. Indeed, representatives from customer-service project management sit on all launch teams as “the voice of the customer.”

The ethic cuts deeper than it would first appear. “You can have a great overall culture,” says Price, “with real empathy for the customer and passion for fixing the problems. You can have individual reps who say, ‘This customer is really upset, and I have to deal with it.’ I think we do that.

“What’s missing almost everywhere else is, even if you have the empathy and the passion and you address the customer’s problem, you haven’t really given good customer service in total. You haven’t done that until you have eliminated the problem that caused her to call in the first place.” Exactly.

It is, frankly, easy to be skeptical of all of this. For such a strategy to work, the entire company has to bend to it. One incident (of many that I encountered) shows how deeply ingrained the attitude is.

The problem materialized during the 1999 Christmas season, the first Christmas that Amazon sold toys. Almost as soon as the selling season began, the company received complaints that were notable more for the level of outrage than for the actual number of problems.

Some toys were big enough to be shipped in their original packing boxes. “They were arriving on people’s doorsteps, and the people called and said, ‘Hey, we weren’t expecting this to look like a Big Wheel. My kid came home from school and found his present! Now I gotta buy another one!’” says Janet Savage, 31, who was a customer-service manager that Christmas. This quickly became known as the Big Wheel problem, and it was Savage’s job to resolve it.

It was an interesting moment. One possible response—a perfectly
reasonable response—would be to start warning customers about items shipped in original cartons. After all, if you buy something at Toys ‘R’ Us, you don’t complain that it comes wrapped as what it is.

That response was never considered at Amazon. Savage simply started looking for durable, inexpensive wrapping material that would be available immediately and in large quantities. “Our customers were not happy,” says Savage. “It was not acceptable to tell parents, Oh well, too bad.”

She found rolls of plastic material like the type used in big garbage bags, and Amazon started overwrapping every large toy and a selection of electronics items that were likely to be Christmas gifts. How urgent was it? “I bugged people about it on an hourly basis until we got it resolved,” says Savage. “You’re either Santa Claus or you’re not.”

GREAT SERVICE: BACK TO THE FUTURE

I have a running argument with customer-service experts that may be mostly an argument on my side. It is neatly summed up by One to One guru Don Peppers. He offers two key points about service. First, “Service is bad because it’s hard to do.” Second, “The secret to good service, really, is to treat your customer like you’d like to be treated yourself.” Somewhere between point one and point two, I missed the hard part.

The hard part is not the service. The hard part is everything but the service. The hard part is how companies think about what they are doing and how they behave as a result. Why is the service of airlines so bad? Simple: Airlines don’t think of themselves as service organizations. Airlines think of themselves as factories that manufacture revenue-seat miles. Airlines have been tuned in to the efficiency of their manufacturing operations, not to the quality of the journey that they provide.

When you spend weeks talking to people about customer service, when you visit people who do it as their livelihood, it is easy to become consumed with the challenges, the technology, and the measurements that obsess the world of customer service.

How much cheaper is it to deliver balances by automated phone menu than through a service rep? How much cheaper is it to deliver balances on the Web than over the telephone? What do people want to talk to a person about? What do they want to do themselves?

How do you create customer satisfaction, customer delight, and customer ecstasy? Most of those questions miss the larger point.

Dan Leemon, 47, chief strategy officer for Charles Schwab, understands this dilemma clearly. Charles Schwab is a brokerage firm, of course. It keeps money for people, has custody of stock certificates, and functions as a bank in many ways. But like Sprint PCS or directory assistance, Schwab is really a pure customer-service organization. Its specialty is financial-services customer service—but it’s service all the same. Everything else is record keeping.

“A lot of companies fall into the trap,” says Leemon, “of believing that some new customer-service technology will take cost and management burden away and will eliminate the need to have very talented people on the phones and in their retail outlets.”

“That has actually never been true,” he says. Indeed, the complex demands of customers have increased the length of the typical call to Schwab by 75% during the past five years.

One old-economy sector that is justifiably famous for service is the cruise industry. The high-end cruise lines achieve this by offering training, incentives, and quality facilities. One thing that they do particularly well is suck up customer feedback.

Royal Caribbean Cruise Lines (RCCL), for instance, has 22 ships. When a ship docks at home port at 7 AM, before it clears customs, someone from RCCL has boarded to retrieve the customer-comment cards distributed to every cabin. The ratings are tabulated, the written comments are transcribed, and the results are returned to the ship’s managers before the ship sails again at 5 PM.

So before the next cruise begins, RCCL’s captains, dining-room managers, housekeepers, and entertainers know how the previous cruise went—from praise to serious problems. Imagine what flying the big airlines would be like if you got a comment card at the end of each flight—and the company acted on what it learned.

But here’s the really interesting piece of the RCCL story. With computers, it’s easy enough to tabulate comment-card results now in a single workday. But in 1971, when RCCL had just one ship and no computers, the process was the same. Cards were tabulated by hand the day the ship came in, and the comments were typed (four carbons) and delivered back to the ship before it sailed again in the afternoon.

Ultimately, what is so striking about the customer-service revolution that we are digging our way through is how little a century of technological innovation really changes what matters.