

Advance Praise for *Customer Mania!*

"In the long history of management writing, no one has so clearly and memorably extracted, exposed, illustrated, and explained the essentials of enlightened and profitable management as Ken Blanchard. Now he, with Jim Ballard and Fred Finch, offers us the ultimate customer service book, *Customer Mania!* The title is a dead giveaway of the passionate and persuasive argument contained in these pages. Bravo!"

—TOM PETERS

"If you depend on satisfied customers to keep your bottom line strong, you just got a gift in this book."

—HARVEY MACKAY, author of *Swim with the Sharks Without Being Eaten Alive*

"*Customer Mania!* offers an extraordinary example of roll up your sleeves, get in the trenches, know the details, build the team, and take the mountain. Ken Blanchard and his coauthors have found the perfect model in the Yum! organization."

—JAMIE DIMON, president and chief operating officer,
JP Morgan Chase

"If you've hoped for wisdom that gives you a clear template for building outstandingly successful customer service, *Customer Mania!* provides a superb road map with clear driving instructions. P&Ls only tell you where you've been, not where you're going. If you do the right things, and this book tells you what they are, the P&Ls will take care of themselves."

—JEANETTE SARKISIAN WAGNER, vice chairman emerita,
The Estée Lauder Companies Inc.

“Ken Blanchard’s best book yet. *Customer Mania!* is a primer for anyone on effective leadership for great customer service.”

—ROD ODOM, president, Network Services,
BellSouth Corporation

“Another Ken Blanchard must-read. This book shows how any company can build an organization that’s both friendly and profitable.”

—MARJORIE DORR, president, Anthem Blue Cross East

“*Customer Mania!* offers a clear outline for creating enthusiastic customers and subsequent profits. To see how the world’s largest restaurant company is measuring up against Ken Blanchard’s ideal vision makes for fascinating reading.”

—JOHN C. MAXWELL, founder, The INJOY Group

“Enlightened leaders know that strong profits and inspired employees are not mutually exclusive. This book shows how any company can build financial success and market leadership through an impassioned and engaged workforce.”

—KEN MELROSE, chairman and CEO, The Toro Company

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The One Minute Manager® (with Spencer Johnson), 1982

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Managing for Organizational Effectiveness (with Halsey Jones and Joseph Litterer), 1976

Customer **MANIA!**

It's NEVER Too Late to Build a
Customer-Focused Company



KEN BLANCHARD

JIM BALLARD

FRED FINCH

FREE PRESS

NEW YORK LONDON TORONTO SYDNEY



FREE PRESS

A Division of Simon & Schuster, Inc.
1230 Avenue of the Americas
New York, NY 10020

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1-800-456-6798 or business@simonandschuster.com

Designed by Lisa Chovnick

Manufactured in the United States of America

1 3 5 7 9 10 8 6 4 2

Library of Congress Cataloging-in-Publication Data
Blanchard, Kenneth H.

Customer mania!: it's never too late to build a customer-focused company /
Ken Blanchard, Jim Ballard, Fred Finch.

p. cm.

I. Customer services—Management. I. Ballard, Jim, 1933–.

II. Finch, Frederic E. III. Title.

HF5415.5 .B256 2004

658.8'12—dc22

2004056398

ISBN 0-7432-7028-2

THIS BOOK

IS DEDICATED TO ALL

THE LEADERS IN THE WORLD WHO ARE COMMITTED

TO MAKING A POSITIVE DIFFERENCE IN

THE LIVES OF THEIR PEOPLE AND THE

CUSTOMERS THEY SERVE.

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PART I



The Do-Over

CHAPTER 1

Yum! Meets the One Minute Manager

I HAVE THE GREATEST job in the world. I travel hither and yon, observing how organizations behave. I'm always looking for companies that are trying to build themselves the right way—by focusing on their customers and creating people-first, performance-based cultures.

Why is customer focus so important? Because whether you're selling pizzas or professional services, your business is not about you. It's about the people you serve. I say I'm always looking for companies that are trying to do it right because building a company the right way is a continuous journey. There is no final destination. When I find an organization on this journey, I am excited.

THE BEGINNING

Four years ago I was asked to speak about customer service to an annual meeting of KFC (originally Kentucky Fried Chicken). At that conference I met David Novak, who at the time was president of Tricon—the parent company of KFC, Taco Bell, and Pizza Hut. During that meeting, David told me about the journey he and his folks were on to revitalize a lackluster balance sheet by becoming a customer-centric organization. David knew that his company, like most companies, had already been giving lip service to focusing on the customer. He believed that building a company the right way meant going beyond merely listening and responding to the customer; it meant putting together a can-do team that was obsessed to go the

extra mile for the customer. David intended to create nothing short of a Customer Mania culture throughout all their restaurants worldwide.

Talk about an ambitious dream. In 1997 KFC, Taco Bell, and Pizza Hut had been spun off from PepsiCo to form Tricon. At that time, Tricon's balance sheet was in trouble. The new company had inherited a \$4.7 billion debt and its return on invested capital hovered at a feeble 8 to 9 percent. As if that weren't a big enough challenge, in 2002 Tricon bought two additional quick service restaurant brands—Long John Silver's and A&W All American Food Restaurants—and in the process became by far the largest restaurant company in the world, employing some 840,000 people at nearly 33,000 restaurants in more than 100 countries and territories. It was at this time the company changed its name to Yum! Brands. Given their financial situation and the sheer size of the enterprise, the task of creating massive cultural change was daunting, but that didn't seem to faze David. I loved that attitude. It became clear he was not just interested in creating a Customer Mania culture worldwide, he was going to do it. I would grow to admire his commitment and determination.

I got to spend more time with David six months later, when he asked me to speak at an annual meeting of all the top managers from the company. This time we had a chance for some real give and take and it didn't take long for us to realize we were soul mates. In David's wanting to build a customer-focused company the right way, he was trying to implement everything I have been teaching and writing about for years. And he was doing it in one of the most difficult environments possible.

A GIGANTIC DO-OVER

In golf if you hit a bad shot and say, "I'll take a mulligan," you get to hit again. David Novak uses a similar phrase to depict what his com-

pany is up to. He said, “When my daughter, Ashley, was younger and she and her friends made a mistake in their games, they would say, ‘I get a do-over.’ That’s what Yum! is—a gigantic do-over.”

The fact that this is a giant do-over makes the task of creating a customer-focused, people-first, performance-driven culture more difficult. It is much easier to implement the concepts I have been teaching over the years when you first start a company than to take an organization that has built a different culture and head it in a new direction. Starting over means winning over skeptics and gaining buy-in for a totally new way of operating.

Yum! is attempting to create a new culture from a group of decentralized companies that actually viewed each other as competitors. Disappointed by the lack of synergy and their overall performance, PepsiCo had come to the decision that it was time to shed even great brands.

While Novak was excited by the challenge, being spun off from PepsiCo made associates anxious. Although everyone knew their combined results were lower than expected, the folks from KFC, Taco Bell, and Pizza Hut still were proud to be a part of PepsiCo, which clearly had credibility and prestige as one of the world’s great companies. People in the new acquisitions—Long John Silver’s and A&W All American Restaurants—also had uncertain feelings.

Everyone was wondering, “Can they really ‘do over’ an enormous company made up of firmly entrenched brands?” What would the new company be like? Would benefits go away? Would the company be first class—or coach?

“We’ve got a real opportunity here,” David told me. “How many leaders and teams have the chance to take well-known brands—some that are celebrating their fiftieth anniversary—and start a new company? If we build it the right way, we can create the company of the century.”