

Cost versus Value - *The Woman and the Watch*

By David B. Burns

A few weeks ago I went shopping with my wife. We were in a large department store and, as is her habit on these trips, we made a stop at the jewelry counter. While my wife was browsing the necklaces, a woman on the other side of the counter asked a clerk to change the battery in her watch.

She was the perfect jewelry customer. I guessed her to be in her late 50s/early 60s, and she was wearing thousands of dollars worth of rings, necklaces, and bracelets. Anyone in public wearing that much jewelry has at least 10 times as much back home.

After she asked the clerk to change the battery, the clerk told her the store's new "policy" was to change batteries only if the watch was purchased at this particular store or one of its branches. The clerk then asked, "Do you have your receipt?"

The customer responded, "Yes, I did purchase it here, but no, I no longer have the receipt. I really did buy it here though. You can change it for me . . . can't you?"

Again the clerk said, "I can't change it unless you have proof of purchase. I need to see your receipt."

This went back and forth for a bit, with the customer getting more frustrated as the incident progressed. Finally she stomped away in a huff mumbling some words under her breath. As the woman walked away I heard the clerk say, "Some customers are such a pain."

I'm sure the store's new policy was intended to cut costs. And I'm sure it did that. But when creating this new policy, did they consider the value? What about the value of keeping that customer happy by giving away a three-dollar battery? Judging by how angry she was, I'm certain this woman will never buy jewelry at the store again. Through the new cost-cutting policy, this store chased away a customer that could easily buy several thousand dollars of jewelry over the next few years.

In situations like this, it's important to ask yourself, "What is the cost versus value?" What does it cost you or your organization to "give away" something, or "break a policy," versus the value of keeping that customer happy and returning to do business with you again? In this case, the cost was three dollars, plus a few minutes labor. Contrast that with the value of just one of this woman's future purchases.

Whenever you are tempted to say, "It's against our policy," ask yourself this simple question: "What will it cost me to be rigid and by-the-book, versus the value of keeping this customer happy for another one, two, 10, or even 20 years?"

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