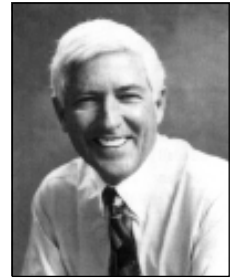


Part 2: A Tough Combination to Beat!

Making More Money And Having More Fun!

Mike Basch continues recounting his adventures visiting Paddi Lund's Dental practice.



*Mike Basch, President
Service Impact, USA*

My visit to Paddi Lund's dental office in Brisbane, Australia had so far been quite an eye-opener for me. With their boss on holiday, many thousands of miles away, Merilyn and Joanne, two of what Paddi calls his 'Care Nurses', lived up to their name. They cared for me with hospitality and attention to detail that I had not previously experienced in any business.

So there I was sitting in my own private lounge room. (They had four of these 'little lounges' for their clients.) I was eating fresh baked blueberry muffins (they bake them for all their clients and call them 'dental buns'), and drinking a very fluffy cappuccino. I had to keep pinching myself to check that I was awake and that I really was in a dental office and not a cosy restaurant.

Now, I had the opportunity to sit down with Merilyn. After Joanne had served us she left, and I spent the next hour talking with Merilyn about how they had systematized their pursuit of happiness.

Mike Basch was a co-founder of the giant American shipping company Federal Express. Mike is now President of Service Impact, a US based consulting company he founded to help people profit by improving their customer service. You may contact Mike at Service Impact on (802) 893 8132 or by fax on (802) 893 8130 in the U.S.

Merilyn Told Her Story

I learned how they struggled with this crazy idea of nurturing and selling happiness in a dental office. How they had a 'Happiness Meter' (Merilyn called it the 'Stressometer') in the beginning, and how they would talk daily about what made them happy. And how they slowly, but surely began to move from stressed to happy.

At one point I asked Merilyn if this culture could be duplicated. More specifically, "If your husband were transferred to Sydney, could you build the same kind of practice in Sydney?"

Merilyn looked at me with a sense of panic. "You mean if my husband went to Sydney, and I went with him?" "Yes," I replied.

Then a smile, "I'd divorce him first." Tongue in cheek, it was, but Merilyn had made an important point. Merilyn's work was that meaningful to her.

She went on to describe how her happiness at work positively affected her happiness at home and every part of her life, particularly her family relationships.

Flowers, Art and Family

Jo and Merilyn were lavish in their praise of this environment where flowers, art and family-feelings were valued more than ergonomics and discipline. An environment where they were encouraged to provide an awesome level of service to their clients — a policy that Jo and Merilyn felt allowed them to gain a great deal of fulfilment and respect from their clients.

Keep in mind that all this was five years ago. I have visited Paddi's Dental Happiness business a couple of times since then, and I have come to know these people well. I have been able to get to know them because, unlike people employed in most businesses today, they didn't leave to work elsewhere. Merilyn and Joanne are both still there.

This is significant for a couple of reasons. Firstly, employee turnover is expensive. Secondly and equally as important, many business people believe that if you can't offer your people upward mobility and a lot of pay, they will be unhappy and leave. This practice shows that not to be the case. Happiness, if pursued with commitment, is very compelling for employees and customers alike.

Back to My Visit...

After talking to Merilyn and Jo and a client who happened to be visiting, I was left with the indelible impression that these people really enjoyed being there, and that they truly loved to be part of such an impressive atmosphere of care.

I toured the facility. The rest of my visit to the practice went the same, impressive way. The customer's personal lounge that I had been given for my own use was one of four, each as tastefully decorated and comfortable as mine. I saw Dental beds instead of dental chairs, TV's on the ceiling, sunglasses and lip balm for the clients (not patients). They had classical music, opulent rest rooms with French perfume

and cologne, original art on the walls, and literally hundreds of other small things that make the experience one of ... dare I say it ... CARING.

Before I left Australia I had a chance to communicate with a client who had travelled from Sydney to come to the dentist (\$800 round trip).

He warmly described the details of his dental experience. Which do you think he spoke about at length — the quality of the clinical dentistry he received or the quality of the human care? Definitely the latter, and in glowing terms.

Many business people dismiss such a level of caring as not appropriate for their business: “Not practical in the business world”, “Not realistic.” And, of course they’re right. Right, that is, if we keep our paradigms about how businesses ought to be managed.

If our goal is only taking care of the owner or the stockholders, we must conclude that what Paddi has done is an exception - fun to hear about, but not practicable in the normal business.

Interestingly, however, the core business principles Paddi and his team employ also worked at FedEx. In fact these practices work for the most successful electronics retailer in Great Britain whose employee turnover is close

These are all organisations where the leader decided that business life is more than making money ... and made more money than ever before. Having more fun and making more money: a tough combination to beat!

Peace of Mind

I left the Patrick Lund Dental Practice two hours after I arrived, at peace with myself. That peace lasted for several days. The experience I am relating happened nearly five years ago, and it is still as vivid in my mind as if it happened yesterday. It was that personally powerful. It is far deeper than just Paddi. Paddi was on vacation. It is the soul of his team.

I have been back several times since that first visit. Each time, I notice changes. The practice continues to evolve to higher and higher levels. The last time I visited, Joanne showed me how they now serve any pills their customers need, not on the tissue, as they used to, but in a small porcelain pillbox. This may seem insignificant, but when you think about it, it’s these small, human acts of caring by attention to detail that truly make a difference in our lives.

Happiness and great service don’t just happen. There are several specific

The experience I am relating happened nearly five years ago, and it is still as vivid in my mind as if it happened yesterday. It was personally that powerful!

to zero, and who has the highest sales per square foot in the world. They work for a seminar promoter in Singapore that now does the work of 13 people with only 7. They work for warehouses in the United States where people making minimum wage are passionate about their work and what they can do to serve customers at a higher level.

things that Paddi and his team have done to create their environment. Anyone attempting to duplicate their efforts should think carefully about their motives. Yes, money is important, we all want to feel successful in business, but customers and employees pick up very quickly if that is our one and only motive. Naturally, they then feel used and manipulated.



One of Paddi's personal client lounges where Mike spoke with Marilyn and Jo.

What lessons did I learn from my visit?

Work Can Be Enjoyable

Business can be fun and productive — at the same time. I have really always known that, but Paddi and his team added new meaning for me. They demonstrated that service is not about training, reading scripts and learning other service ‘techniques’. Service is about people caring enough about others to make life a little better for them. However the environment that you provide has a great effect on whether your people, both customers and team, find it easy to care.

Get Rid of Customers

Everyone finds that some people are just easier to get on with than others. Some customers are definitely more desirable than are others! So get rid of customers.

Paddi extends Pareto’s 80/20 rule and describes how in many businesses the profit comes from 20% of customers who subsidize the business so it can serve the unprofitable 80%.

I know it works — intelligently reducing your customer base — because I have seen it work in all kinds of busi-

nesses. Usually 20% of our customers love what we do for them, pay on time, don't quibble about price. We enjoy our relationships with these people. Conversely, 80% of our customers give us 100% of our hassles. Yet most of us go overboard for the 'squeaky wheel' and spend more resources, time and energy giving service to the 80%, unfortunately, while simultaneously ignoring the 20% of great customers. Why? Because the customers we really like, and who like us, don't complain. As a result, in most companies, they get less service. They are taken for granted.

Learn the ABCD's

Since happiness was Paddi's goal, he decided he wasn't going to be around people who didn't really give him happiness in his business. So, Paddi decided to split his customers into A, B, C and D customers – D's being those that complained, paid late, showed up late, etc.

Often, dental offices run behind time because another customer (usually a D customer) shows up late, and it com-



A view of Paddi's 'Big' coffee lounge as you are greeted at the door.

pletely disrupts the schedule. In Paddi's case, though, instead of compromising the customers who were always on time (their good customers), they would let the late clients wait or refer them to another dentist.

Over time, this type of referring to other dentists filtered out nearly 70%

Mike's visit to Paddi's office convinced him that:

- Service is about people caring. The environment that you provide has a great effect on whether your people, both customers and team, find it easy to care.
- All too often today, we only see growth in size as positive. Like many of our accepted paradigms, Paddi challenges this one, too.
- A 'by referral only' business is not only a possibility — Paddi Lund has done it!

of the clients. At the same time, the team focused on serving their 'A-grade' clients with extraordinary care. (For instance, they decided that if they kept an 'A' client waiting more than ten minutes, they would give a sincere apology and a bunch of flowers as restitution.)

They also began to ask, as part of an agreement or bargain with their customers, for referrals. The result of all this is a practice that gradually moved from 20% A clients to 100% A clients.

All very fine, but how do you find enough wonderful new customers to replace the half of your existing customers you have just got rid of? Well you create the climate where your customers say nice things about you to the people they meet: Word of Mouth Advertising.

By Invitation Only

Paddi and his team have been very successful in generating advertising by word of mouth. Today, Paddi's team members only ask selected clients for referrals and the practice is literally 'By Invitation Only'. How on earth do they do it? How is it possible to have a professional business that is solely reliant on client referrals?

Conventional wisdom tells us that you have to have signs to attract passing trade, yellow pages spreads to attract the browser and all sorts of advertising and promotion to convince the uncommitted. How is it possible to eschew all of these tried and tested methods of a healthy business? Well,

for a start, I found out that Paddi and his team take a most important step that few others do. What they do is not really so complex: they just ask for the referrals! A simple step, but most people find it just too embarrassing or threatening.

In addition, Paddi's people have discovered a simple fact of human nature: the person who is asked to make a referral will only cooperate if he or she believes that it is in their own best interests to make the referral. In some businesses where this principle is understood, a referral is rewarded by a gift of goods or services. A more effective incentive is the knowledge that, when you refer someone to a business, that person will find just what he or she is looking for, and will express gratitude to you for your kindness. This for most people is the highest reward: the sincere thanks from a friend.

Systematize Gratitude

Facilitating this gratitude from friends is exactly what Paddi's team sets out to achieve. They have many systems in place to make sure that people who are referred have a wonderful first time experience, and they say a big 'thank-you' to the person who sent them.

If you are a new visitor, you are greeted by name at the front door. Your own personal 'Care Nurse' shows you into your own private lounge where you enjoy your tea or coffee in Royal Doulton china. You can even have a beer or wine. You are given lip balm before treatment, soothing chamomile

What lessons did Mike learn from his visit?

- Business can be enjoyable!
- Get rid of customers.
- Learn the ABCD's.
- By Invitation Only.
- Systematize gratitude.
- The *Courtesy System*.
- Serve tea — impeccably.

And most importantly,

- *Happiness is the goal of life, and happiness can be found in all that we do!*

After discussing what caused or didn't cause happiness, the team agreed to set some rules, which they called their 'Courtesy System'.

They made rules like: 'When you want something, say please', 'When talking about someone not present, use their name and imagine them being there' and, 'When you come into the office in the morning, touch each person, look them in the eye, and greet them by name.'

Simple stuff! But, these simple rules encouraged people to constantly think about how they were serving others and themselves in their relationships. That kind of awareness leads you to look for and respond to the small things that let people know you care. If you want to change your business or your life, this is the kind of simple but powerful process that becomes the foundation of lasting change.

Serve Tea - Impeccably

I learned this simple principle back at UPS years ago. If your trucks are clean and your drivers present a clean image, customers will perceive quality everywhere in your operation.

Similarly, tea served impeccably in Royal Doulton china leads to a perception of extraordinary attention to detail, which leads to a perception of extraordinary dental quality. Most people are unaware of why they perceive something as quality, but when you pay attention to detail in non-business related things, customers feel that you must be providing quality goods or services.

I know when I visit a warehouse that its costs and services are proportional to the cleanliness and organization of the warehouse. The same is true of dentistry.

Think about this simple principle the next time you wander through a grocery store. If the store is clean and organized with products displayed flawlessly and fast checkout lines, you will find yourself believing they give good quality products and will actively look for more to buy. If, on the other hand, the store is messy, has long lines, and products sloppily displayed, you will

get what you came for and leave buying only that item.

An Important Lesson

FedEx is one of the most successful start-up ventures in American history, not because we had a better idea as much as because we cared about solving our customers' problems. This caring wasn't limited to a few executives. If it had been, we would have crashed and burned. It was from the hearts of drivers, pilots, telephone people, hub sorters and everyone else who cared enough about other people to make life a little better. Paddi Lund and his team have taken this core concept several notches higher than we did at FedEx.

There's a most important lesson in Paddi's story, available to anyone who will listen:

Happiness is the goal of life, and happiness can be found in all that we do.

If we can just act on this maxim, we can be more successful in business and make life a little better for ourselves ... as well as those around us. Thank you Paddi.

Mike Basch
March, 1997

pads and a hot towel after treatment, and a basket of fresh, baked-on-the-premises 'dental buns' to take home.

When you refer someone you are thanked personally by Paddi and by your 'Care Nurse' and you receive a thank-you card by mail. Nothing is left to chance. The whole process is well organized and seems to be achieved without a lot of fuss and effort.

If you want to, you too can build a 'referral only' business. However, you have to have great systems, and you have to provide a few impressive extras — but you can certainly pay for them with the money you save on advertising.

This approach will tend to create growth in areas like caring for clients rather than the number of customers in the business. All too often today, we only see growth in size as positive. Like many of our accepted paradigms, Paddi challenges this one, too. Why not establish a size you like and then get better and better within that self-imposed limit? After all, increasing the value of each transaction you make can improve the profitability just as effectively (and certainly more pleasantly), than multiplying the number of transactions.

The Courtesy System

Paddi and his team discovered the major cause of their unhappiness was discourtesy.

Dr Paddi Lund has written a book about his journey mixing business, profit and happiness. You will only find *Building the Happiness-Centred Business* in a few specialty bookstores around the world.

It is also available direct from its publisher for A\$29.95 (£15, US\$20) plus shipping. Please call or write to Loretta Cohen at Solutions Press:
149 Old Cleveland Road
Capalaba, Qld Australia 4157
Telephone (+61-7) 3823 3230

Or you may write with a credit card by fax on (+61-7) 3390 3610 or by e-mail: info@solutionspress.com.au

Learn more about Paddi and his ideas for business at the publisher's site: www.solutionspress.com.au