



Ten Minutes of Your Time. Lasting Business Impact.

**Issue 16
7 June 2004**

"The purpose of business is to create a customer."

- **Peter Drucker**, Management Guru

What's On My Mind This Week

Eliminating (Defective) Customers

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I was a defective customer twice last month. Both times I tried to catch a flight from Boston's Logan Airport, and both times I missed the 30-minute window for check-in. JetBlue Airways got me to my destination on time. Delta Airlines used my tardiness to deny boarding. Guess who's winning in the marketplace?

But this story goes beyond the airline industry. It's a classic example of how companies use logic to stop innovating and lose customer loyalty. And it shows how the loss of customer focus makes even the best positioned company vulnerable to the competition.

The culprit in this case is supplier requirements.

Most of you know *customer* requirements. These are things that must be provided to create a successful customer relationship. The best organizations understand these outputs and create robust processes to deliver them time and time again. For a passenger airline, they include a safe flight, leaving and arriving on-time, selling tickets at an acceptable price, and ensuring baggage arrives with the passenger.

In other words, for a reasonable fee, they get you and your stuff where you want to go.

But the market is not static. The more a company delivers to consumers and the less it demands in return, the more customers it creates. We know that lowering prices creates demand, and while companies must set policies that constrain customer behavior at times, loosening these constraints is also a form of competition. Innovation is not only necessary, but takes place on multiple fronts.

Defective Customers

The innovation process goes astray, however, when the company starts blaming the customer for its problems. In this case, the airline blames late departures and arrivals on late-arriving passengers.

On-time performance of major airlines is tracked by the federal government, with rankings published in many magazines and newspapers. Because this is an important customer requirement, management continually seeks to improve performance. And naturally, it doesn't take long before people look outside the organization for causes.

They found many. Extreme weather, non-extreme weather, air traffic control delays, security problems, and late-arriving aircraft are all reasons the airlines use to disavow responsibility for poor on-time performance. But not every late flight lands in one of these safe havens - some are still classified as 'air carrier delay'.

Enter the late passenger. There is no denying that late passengers can cause late flights. At some point planes must leave without everyone on board, because further waiting jeopardizes the airline's ability to get everyone else where they want to go.

But how late is too late? That is determined by the airline's ability to get bags from the check-in counter onto the plane, and the security team's ability to screen travelers and get them aboard the aircraft. Add a safety margin so not everyone shows up at the last minute, and you get a time of anywhere between 30 and 120 minutes to check in before departure, depending on the airline and the destination.

Neither the baggage-handling nor the security process is controlled by the traveler. Creating a burden of early check-in, however, shifts the limitations of both processes to the customer. With airlines creating customers through on-time flights, and eliminating them by denying boarding to latecomers, the competition for passengers begins.

Creating Customers at JetBlue

Monday, May 10, 2004: I am late. My conference call ran long, traffic was unusually heavy, and the cab driver took a wrong turn in South Boston. When I arrive at the terminal, it is 25 minutes before departure.

I'm at the check-in counter 22 minutes prior to departure, knowing I'll have to catch the next flight. The JetBlue employee at the counter disagrees. "Don't worry, you'll make it," he says. My luggage is put on the next plane, and I breeze through security, buckling my seatbelt 15 minutes before takeoff.

The flight crew seems genuinely happy to see me board, and the plane leaves and arrives on-time. I head to baggage claim and inquire when I should return to collect my bag, but the agent will have none of that. Even after repeated statements that

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the late bag was my fault, she insists the airline will deliver it to my hotel. On top of that, she hands me a \$25 voucher "for my trouble".

I give her my sincere thanks and tear up the voucher later. After all, they got me where I wanted to go - even when they weren't required to.

Eliminating Customers at Delta

Monday, May 17, 2004: I am not late. A prior meeting ran long, but the cab delivers me 40 minutes before departure. I'm inside the terminal at 37 minutes to go, but something is amiss. Many of the automated ticket machines are out of paper and out of service, and the few operating machines have long lines. When I reach a working machine, it's 28 minutes before departure.

The machine won't let me check in. When I ask for help, the lone attendant looks at my itinerary, looks at her watch, and asks the critical question, "Do you have any luggage to check?" When I answer yes, she shrugs her shoulders. "You're too late. The computer locked out your flight and there's nothing I can do. Go rebook yourself," she motions toward the bank of phones.

I have just been eliminated as a customer for this flight.

There's no problem with security. Even the attendant knew I could make it onboard easily without luggage. I skip the phone bank and after seven minutes in the Medallion line, I have an apology, three free drink coupons, a new routing, a lost first-class upgrade, and a two-hour delay.

I arrive in Portland at midnight instead of 9:30pm. Hungry, late, and still thinking about the Delta bureaucracy is not where I wanted to be.

Eliminating Loyalty

Why did I lose my loyalty to Delta? After all, I did check in late.

Delta was paralyzed by the baggage problem. Since they couldn't solve it, they used my late check-in to force me to rebook - and eliminate me as a customer. As a non-customer, their inability to get me aboard the plane became irrelevant. Once I rebooked, I became a customer again - one their system could handle.

In their handling of the baggage issue, JetBlue worked to meet customer requirements - both my requirement to board, and the other passengers' requirement to depart on time. This approach solved the baggage-handling issue and created a customer for the flight. I never became a non-customer to JetBlue, even though I initially saw myself as one.

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Do I expect the same outcome if I'm late for a future JetBlue flight? No, but I want them on my team when I fly, because I believe their customer-focused approach will make me a more successful traveler over time.

Loyalty goes both ways, and that's my real problem with Delta. It's not so much my decision to leave them, but the realization of how often they've left me, that ended our very comfortable relationship. Peter Drucker says innovation is at the heart of creating customers. By demonstrating this principle, JetBlue didn't just create a customer for flight 435; they created one for the foreseeable future.

Take Ten Minutes

Consider your company's demands on customers and think about the following:

- Where does your company place requirements on customers?
- How do these requirements eliminate customers?
- Why are these requirements necessary for your company?
- What changes can be made to relax or eliminate these requirements?
- In what ways could relaxing or eliminating requirements give your company a competitive advantage?
- What obstacles do you face in getting requirement changes approved?

Take The Next Step...

Your company can become certain about quality. Come to PCA's "Creating the Reliable Organization" Management College to find out how.

The next open-enrollment colleges take place **June 15-17 and September 14-16 in Orlando, Florida**. Alternatively, PCA can conduct a dedicated college for your organization, either at your facility or at a designated location near you.

For additional information, please call 800-722-1464 or [email us](#).

About Take Ten Minutes

Take Ten Minutes is a publication of [Philip Crosby Associates](#) and [The Capability Group](#).

The premise behind *Take Ten Minutes* is simple: take ten minutes out of every week to refocus and recommit to business improvement. *Take Ten Minutes* features quotes and interviews to inspire you. We also pull articles from today's headlines as examples of the power of the preventive culture (or the deep problems caused by not having one).

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As the name suggests, *Take Ten Minutes* is relentless with the editing razor and keeps each issue tight - each issue should take you no more than ten minutes to read, start to finish. You'll reap even bigger rewards if you kick in an extra ten minutes to discuss the ideas with a colleague or to take an idea found here and plan to roll it out in your organization. We hope *Take Ten Minutes* becomes the business improvement equivalent of your running partner, providing the inspiration you need to lace up and "just do it" on those weeks when the couch seems oh-so preferable.

We hope you enjoy *Take Ten Minutes*. As Philip Crosby said, improving your business "is a journey that never ends." So let the journey...*continue!*

Please send story ideas or comments to our [editor](#).

About Our Companies

In today's marketplace, only capable companies will survive and thrive. The overarching goal of [Philip Crosby Associates](#) (PCA) and [The Capability Group](#) (TCG) is to give companies the culture, tools, methodology and results-focused support to become 'Capable Organizations' - useful, reliable, adaptable, and ever-focused on achieving customer success.

PCA and TCG deliver on this goal by first working with clients to assess where they are on the maturity spectrum and where they want to go. For companies early in the process, we work hand-in-hand with management to install a culture of prevention - the culture that has been championed by the PCA side of our business since quality management guru and PCA founder Philip Crosby published *Quality is Free* in 1979. Over the past two decades, Crosby's techniques have been implemented by many of the Fortune 500, as well as small and mid-sized companies seeking excellence.

Once the foundation of the Capable Organization is present, TCG steps in to help clients take their efforts to the next level by further reducing costs, enhancing quality and promoting growth. TCG was founded by Kevin Weiss, who was a Quality Leader and Master Black Belt for General Electric when that company first implemented Six Sigma - a program CEO Jack Welch has attributed with "changing the DNA of GE". With a proprietary Cost-Quality-Growth™ Model created based on the knowledge that GE's success was due to much more than a typical Six Sigma deployment, TCG has helped shape Cost-Quality-Growth™ Programs for companies such as Shimano, American Express and Sony.

Along the journey to the Capable Organization, PCA and TCG provide a comprehensive set of training programs and materials as well as consulting and assessment services to accelerate progress. Products and services range from courses and CDs geared towards the education of hourly workers to intensive seminars for managers and executive teams.

For more information, email Chris Johansen of Philip Crosby Associates and The Capability Group chris.johansen@capabilitygroup.com, or call 617-716-0214.

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