

Michael Howard

A customer's lifelong value

We cannot take this for granted

You've often heard me talk about how valuable our customers are to the Exchange. Without them, we wouldn't exist. For this reason, we don't want to unintentionally drive customers away with poor service.

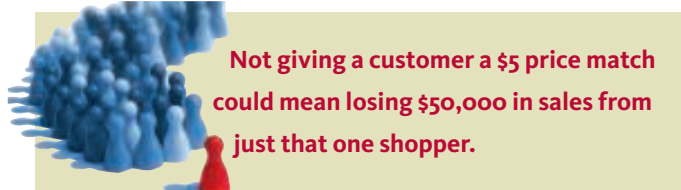
We're familiar with "customers vote with their wallets." Our jobs are to manage their expectations correctly, so they keep coming back.

Did you know, for example, that if we don't give a customer a \$5 price match, we potentially lose \$50,000 in sales from just that one shopper alone over his or her lifetime if he or she doesn't return to the Exchange?

Don't let them walk away

Because we want to keep our customers, it's important that we don't let a customer walk away for just \$5 or whatever the amount is of the price match. If a shopper calls to our attention that a competitor is selling the same identical product cheaper than the Exchange, match it on the spot—and do it with a smile.

Chances are the customer will return to us again, buy more of



our products, pay for more of our services, and refer even more shoppers to us, according to experts at Harvard Business School.

The lifetime value of a customer

The more that shopper spends money with us, the more valuable he or she becomes to the Exchange.

In fact, every one of our competitors outside the gate places a high premium on the lifetime value of their customers. These competitors also figure up the lifetime value of our shoppers to them.

Our Marketing Directorate will be rolling out a program in the future that will assist us in determining the lifetime value of customers.

Ongoing satisfaction, retention

The Harvard experts say that developing and retaining profitable customer relationships is vital to the health of every business.

The Exchange is no exception as we focus not only on short-term gains, but also on future revenue and profit streams associated with ongoing customer satisfaction and retention.

What you can do

What can you do to help influence the lifetime value of a customer?

One thing you can do is know and honor customers' requests for price matching.

In addition, keep an eye out for HR's new Expert Customer Service program.

Last week, I signed our new Customer Service Pledge, which HR developed as part of their new associate training program. This pledge obligates me—and it will obligate

you when you sign it—to:

- Exhibit "Expert" Customer Service behaviors at all times.
- Always lead my team by customer service example.
- Ensure that my staff does the same.
- Treat customers and associates with dignity, respect, fairness and non-discrimination.
- Assume a positive, smiling, helpful, professional look.

Sign the pledge that you commit to providing expert customer service, just like I did. Know the four key elements of the program –



greet, listen, suggest and thank.

Together we can all take care of our most valuable asset, one that isn't listed on the balance sheet—our customers.



Chief Operating Officer Michael Howard signs the Customer Service Pledge, which commits him to offer "expert customer service" at all times. (Photo by Barbara Kirsch)

EXCHANGE
Member of the Home Depot Companies

Customer Service Pledge

I, _____, pledge to:

- Exhibit "Expert" Customer Service behaviors at all times
- Always lead my team by customer service example
- Ensure that my staff does the same
- Treat customers and associates with dignity, respect, fairness and non-discrimination
- Assume a positive, smiling, helpful, professional outlook

Signature _____
Date _____

Customer satisfaction is a direct reflection of my leadership qualities

Simple → Greet → Listen → Suggest → Thank → Effective