



Dropped callers

Dumping 1,100 problem subscribers isn't such a bad idea if Sprint can better serve its customers.

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ANYBODY WHO knows anything about business, whether a Fortune 500 CEO or a kid with a corner lemonade stand, can recite the mantra: The customer is always right. So what was Sprint Nextel Corp. thinking when it told 1,100 or so wireless subscribers that it was dumping them for chronically complaining to the company's customer-service department?

The news, which broke this week, hasn't exactly helped Sprint's image. ABC's "Good Morning America" ran the story under a banner that proclaimed: "You Must Be Kidding!" One consumer watchdog called the company's action "absolutely outrageous."

But, in fact, Sprint's move was not only reasonable, it may even prove laudable if it helps the company focus on offering better service to its remaining 53 million subscribers.

Sprint is no corporate angel. The latest survey from J.D. Power & Associates found that the company ranks dead last in the wireless industry when it comes to "customer care."

Yet that doesn't mean the company was wrong to drop the 1,100.

We've all been there: forced to sort out an egregious billing error that requires multiple, maddening, Muzak-soaked phone calls to a service center in God-knows-where. But when a relative handful of customers are calling in as often as 300 times a month — as some of these Sprint users apparently have been — it's clear that they should be looking for another cellphone carrier.

From a management standpoint, a line gets crossed: There is no sense in trying to appease the unappeasable.

Interestingly, support for this idea comes from the late Peter F. Drucker, the "father of modern management," who had a key role in spreading the notion that the customer is king. In studies of Henry Luce's Time-Life, Alfred Sloan's General Motors and other companies, Drucker attributed their success to a keen understanding of the customer. "There is only one valid definition of business purpose: *to create a customer*," Drucker wrote in his 1954 classic, "The Practice of Management."

Yet Drucker taught something else as well: It's crucial for every business to decide who its customers are not.

In her new book, "The Definitive Drucker," Elizabeth Haas Edersheim recalls how he explained the concept to her: "Make sure you know the bounds you are assuming and that they are the bounds you want...."

In this case, Sprint concluded that its fractious fraction of consumers — 1,100 people who flooded its call centers 40,000 times in just six months — falls outside the company's bounds.

As a business, "you can't please everybody — and you really don't want to," says management

professor Joseph Maciariello, who worked with Drucker. Some have cast Sprint's move in purely economic terms. These so-called demon customers, it is said, simply became too expensive to retain, costing the company more in time and resources than their contracts were worth.

Undoubtedly there is truth to that. But this issue transcends dollars and cents. Coping with the never-satisfied diverts attention from a key management objective: providing high-quality service to the 99.99% of Sprint users who the company says call with inquiries, on average, only once every two months.

One of the hardest things in business is concentrating resources effectively. By unclogging its customer service lines, Sprint now has a chance to make some meaningful gains.

Arguably, Sprint "is serving a greater good," says Peter Sealey, a former top marketing executive for Coca-Cola. "You can't have these people impinging on the service level of everybody else."

It is quite possible, as suggested by the website consumerist.com, that some of the 1,100 were "scamming Sprint," calling again and again just so they could pile up credits toward their bills. If so, that alone is a valid reason for a divorce. It also wouldn't surprise me if a few of the 1,100 shouldn't have been disconnected; their tales of woe are sure to make headlines and bounce around the Internet, further sully Sprint's reputation.

But those folks aren't the ones consumer advocates should be worrying about — at least not in large measure. The more important matter going forward is this: When we look at Sprint six months or a year from now, will it have seized this opportunity to improve service for the 50-million-plus who remain?

That's where Sprint shouldn't be let off the hook.