

THE
NORDSTROM WAY
TO CUSTOMER EXPERIENCE EXCELLENCE

THIRD EDITION

CREATING A VALUES-DRIVEN SERVICE CULTURE

ROBERT SPECTOR & BREANNE O. REEVES

WILEY

THE
NORDSTROM WAY

THE
NORDSTROM WAY
TO CUSTOMER EXPERIENCE EXCELLENCE

THIRD EDITION

CREATING A VALUES-DRIVEN SERVICE CULTURE

ROBERT SPECTOR & BREANNE O. REEVES

WILEY

Copyright © 2017 by Robert Spector and breAnne O. Reeves. All rights reserved

Published by John Wiley & Sons, Inc., Hoboken, New Jersey.

Published simultaneously in Canada

No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, scanning, or otherwise, except as permitted under Section 107 or 108 of the 1976 United States Copyright Act, without either the prior written permission of the Publisher, or authorization through payment of the appropriate per-copy fee to the Copyright Clearance Center, 222 Rosewood Drive, Danvers, MA 01923, (978) 750-8400, fax (978) 646-8600, or on the web at www.copyright.com. Requests to the Publisher for permission should be addressed to the Permissions Department, John Wiley & Sons, Inc., 111 River Street, Hoboken, NJ 07030, (201) 748-6011, fax (201) 748-6008, or online at www.wiley.com/go/permissions.

Limit of Liability/Disclaimer of Warranty: While the publisher and author have used their best efforts in preparing this book, they make no representations or warranties with respect to the accuracy or completeness of the contents of this book and specifically disclaim any implied warranties of merchantability or fitness for a particular purpose. No warranty may be created or extended by sales representatives or written sales materials. The advice and strategies contained herein may not be suitable for your situation. You should consult with a professional where appropriate. Neither the publisher nor the author shall be liable for damages arising here from.

For general information about our other products and services, please contact our Customer Care Department within the United States at (800) 762-2974, outside the United States at (317) 572-3993 or fax (317) 572-4002.

Wiley publishes in a variety of print and electronic formats and by print-on-demand. Some material included with standard print versions of this book may not be included in e-books or in print-on-demand. If this book refers to media such as a CD or DVD that is not included in the version you purchased, you may download this material at <http://booksupport.wiley.com>. For more information about Wiley products, visit www.wiley.com.

Library of Congress Cataloging-in-Publication Data:

Names: Spector, Robert, 1947– author. | Reeves, breAnne O., 1980– author.

Title: Nordstrom way to customer experience excellence : creating a values-driven service culture / Robert Spector, breAnne O. Reeves.

Other titles: Nordstrom way to customer service excellence

Description: Third edition. | Hoboken, New Jersey : John Wiley & Sons, Inc., [2017] | Earlier edition published as: The Nordstrom way to customer service excellence : a handbook for implementing great service in your organization. | Includes bibliographical references and index. |

Identifiers: LCCN 2017019609 (print) | LCCN 2017033173 (ebook) | ISBN 9781119375371 (pdf) | ISBN 9781119375388 (epub) | ISBN 9781119375357 (pbk.)

Subjects: LCSH: Customer services—United States—Handbooks, manuals, etc. | Nordstrom (Firm)—Management. | Department stores—United States—Management.

Classification: LCC HF5415.5 (ebook) | LCC HF5415.5 .S626785 2017 (print) | DDC 658.8/12—dc23

LC record available at <https://lccn.loc.gov/2017019609>

Cover Design: RSi

Printed in the United States of America

10 9 8 7 6 5 4 3 2 1

In loving memory of my parents,
Fred and Florence Spector,
who taught me The Spector Way:
Work hard, be good, do well.

—R.S.

Thank you, Clara June Reynolds,
for reminding me every single day,
to stay silly, be nice, put others first,
enjoy life, and most importantly, have fun!

—B.O.R.

*“Your beliefs become your thoughts,
Your thoughts become your words,
Your words become your actions,
Your actions become your habits,
Your habits become your values,
Your values become your destiny.”*

—Mahatma Gandhi

Contents

Acknowledgments	ix
Foreword	xv
Introduction	xix
1 Trust	1
2 Respect	31
3 Loyalty	49
4 Awareness	67
5 Humility	85
6 Communication and Collaboration	103
7 Competition and Compensation	121
8 Innovation and Adaptation	139
9 Give Back and Have Fun	159
About RSi	175
Index	177

Acknowledgments

My Nordstrom journey began in 1982, when I became the regular freelance correspondent in Seattle for *Women's Wear Daily* and the other trade newspapers that then comprised Fairchild Publications.

One of the first companies I wrote about was Nordstrom, which was then a strictly West Coast retail chain, but was beginning to gain a national reputation for its culture of customer service. As a native of New Jersey, whose first job out of college was writing retail advertising for Bamberger's department store (a division of Macy's), I was fascinated by the Nordstrom culture of taking care of the customer. I remain fascinated to this day.

In 1990, I was contacted by Elizabeth Wales, a Seattle literary agent, whose next-door neighbor was Patrick McCarthy, then Nordstrom's number one salesperson. Elizabeth asked me if I'd be interested in writing the book with Patrick. You know what my answer was. Five years later, John Wiley & Sons published *The Nordstrom Way: The Inside Story of America's Number One Customer Service Company*. It quickly became a bestseller, and it changed the course of my life.

As a keynote speaker, I've had an opportunity to speak to every kind of business you can imagine (and some you can't imagine) throughout the United States as well as in 26 countries. It's been quite a ride!

And as an author, I've had the unique opportunity to periodically revisit Nordstrom, both literally and figuratively (as we explain in greater detail in the Introduction). Each time I research and write a version of *The Nordstrom Way*, I learn something new. Each time I learn something new, I have something new to teach. Over the past few years, I have shifted some of my time to teaching business students at

ACKNOWLEDGMENTS

the University of Washington's Bothell campus, and at Western Washington University in Bellingham. I believe that it's essential for students to not only understand traditional business skills but also to understand what it means to operate a business or to be a stellar employee—viewed through the lens of these values that we have identified that are crucial to Nordstrom's success. I tell my students that regardless of whatever field they choose, the values of The Nordstrom Way will serve them well.

I've also had the opportunity to be an adviser and thought leader to organizations large and small around the world. I particularly enjoy the breakout ideation sessions where people at every level of the organization are given the opportunity to brainstorm on how they can help their organization become the Nordstrom of their industry. After leading and observing these brainstorming sessions, where people talk about how they can do their jobs better, I've come away with what I call the Three Immutable Truths:

1. Most people want to do a good job.
2. Most people want to be a part of something bigger than themselves.
3. It's up to management to make sure that people feel valued and appreciated so that they come to work every day with a desire to do a good job and to be a part of something bigger than themselves.

With all of that as a backdrop, I want to acknowledge all the people who helped to make possible all the versions of *The Nordstrom Way*.

Deep and heartfelt thanks to:

Patrick McCarthy for his belief in The Nordstrom Way and for his shining example for generations of Nordstrom employees.

The cochairmen of the third generation—Bruce, John N., Jim, and Jack McMillan—for their cooperation and trust in the original book and for the use of three privately published family memoirs.

Acknowledgments

The leadership of the fourth generation—Blake, Pete, Erik, and Jamie—for continuing that cooperation and trust and for sharing their insights.

Special thanks to Brooke White, who selflessly ran Nordstrom’s public relations department for many years, and who was an invaluable ally in helping me get what I needed in order to tell the Nordstrom story in the most accurate and up-to-date way. She never demurred at my inevitable “one more thing” requests. Without Brooke, these books would be incomplete.

Kellie Tormey, Brooke’s predecessor, who was there for the original book and was also a great supporter and helper.

All the other people in Nordstrom’s public relations department who helped us with requests over the years. Special thanks for this edition goes to Brenna Sussman.

David Marriott for his assistance in helping get this project off the ground.

Richard Narramore, our editor, for shepherding this project with the highest professionalism and for giving us the rare opportunity to revisit, reshape, revise, and expand this material—on more than one occasion.

Elizabeth Wales, a stalwart and supportive agent and friend, who has been there every step of the way.

Marybeth Spector, my wife and my friend, who has lived through every incarnation of *The Nordstrom Way*.

And breAnne O. Reeves, my business partner, cofounder of our company RSi, and coauthor, for helping to make me a better person and for making me laugh.

ROBERT SPECTOR
Bellingham, Washington

ACKNOWLEDGMENTS

My Nordstrom adventure began in 2009, when I met Robert Spector. After a successful run in the corporate sales and marketing world, I decided to venture out and start my own business(es). I swore that I would *never* sit through another sales training, keynote, or “sales rally” again. I swore I would never sell anything to anyone that they did not need.

After a fateful meeting with Robert and after many happy-hour conversations over glasses of wine, Robert hired my modest firm to support the launch of his newest book, *The Mom & Pop Store*. We were tasked with hosting the book’s first launch party, to be held at Capers, a home-furnishings store in West Seattle, where we were both living at the time. Most book launch events go a little like this: show up, schmooze with the author, get a book signed, have a paper cup full of coffee, tea, or wine, then leave.

Well, I had a different idea of what a book signing should look like. Maybe this is the Nordstrom in my blood. My team and I took it upon ourselves to get to know Robert and find out where he got his morning coffee, his afternoon sandwich, his happy hour, and oh so much more. How’s that for getting to know a client?

We continued on our Nordstrom Way journey by having each of his favorite mom-and-pop establishments run a special the day of his book launch in West Seattle: His fave coffee beverage at Hotwire Coffee, his fave breakfast plate at Easy Street, his fave sandwich at Husky Deli, his fave cocktail at Fresh Bistro. You get the point. Additionally, we had Elliot Bay Brewing provide a keg of his fave Northwest beer, and Northwest wine as well. We packed the house. Everyone had a great time. And guess what? It had nothing to do with the book. Or Robert. It had to do with the customer experience. It had to do with partners and vendors. It had everything to do with caring about others.

Aha moment number one: I need to read *The Nordstrom Way*.

Acknowledgments

Aha moment number two: The Nordstrom Way is more than a book. It is more than a keynote. Let's create platforms to help companies around the world become better based on this knowledge.

During one of our many meetings, Robert asked me a life-changing question: "Would you like to own half of *The Nordstrom Way*?" I said, uh, yes! The thought of leveraging the material from *The Nordstrom Way* in order to support the success of others was beyond provocative to me. From then on, my focus was on digging into the culture of Nordstrom and sorting out the values that make Nordstrom what it is.

As we identified the values that sustainably drive Nordstrom, I could not help but compare them to my family and upbringing. This was the moment when I knew for sure that I was in the right business.

Empower people to be good and do good. It is that simple.

I would like to thank:

The Nordstrom team that helped to make this happen.

Richard Narramore, our editor, for putting up with our persistence regarding design and marketing, amongst many other things.

My humble and amazing parents, Mark and Melodye Reeves. When people ask the question: "Who trains Nordstrom employees?" Nordstrom answers, "their parents." My parents taught me "the way."

Robert Spector, my business partner, and coauthor, for inviting me to participate in this project.

And, my husband and best friend, Silas Reynolds, who inspires me to be the best human on the planet every single day.

BREANNE O. REEVES
Bellingham, Washington

Foreword

As a Seattle native, I've had a front-row seat to Nordstrom's growth from our little corner of the world to 39 states, three Canadian provinces, and one commonwealth, while earning an international reputation (with online customers in almost 100 countries!) for providing the gold standard in customer service experience.

I've had the pleasure of knowing several members of the Nordstrom family and I've expressed to them my admiration for how they conduct their business. Nordstrom, like Starbucks, exemplifies our Northwest values that combine competitiveness with caring.

In our hypercompetitive, ever-changing, ever-challenging retail world, where concepts come and go and where competitors rise and fall, how has Nordstrom been able to survive and thrive for almost 120 years? Robert Spector and breAnne O. Reeves provide the simple answers to this existential question.

As the subtitle indicates, this is a book about creating a values-driven, service-obsessed corporate culture that encourages, motivates, rewards, recognizes, and compensates employees to consistently deliver a world-class experience to customers, one customer at a time.

As the world economy becomes more and more about relationships and connections that are built on the foundation of trust and respect, Nordstrom's principles of personal leadership are more important and relevant than ever.

At Starbucks, we believe what Nordstrom believes: *The employee experience determines the customer experience.* If you regard employees and customers as human beings, everything else will take care of itself. It's an article of faith that if you engage your staff as partners (not assets or labor costs), they will achieve results beyond what is thought possible.

FOREWORD

Through four generations of family leadership, the Nordstroms have shown that they know who they are, and that they know the kind of people they want to attract to their team. The Nordstroms bring clarity and honesty in regard to who they are, where they want to go, and how they're going to get there. They are clear about their purpose, values, and goals, and they draw people who are aligned (both individually and collectively) with the very same purpose, values, and goals.

Culture is a funny thing. Changing it is not about talking about it; it's about living it. People will rise or fall to the expectations that the organizational culture puts on them. If cultural expectations are high, the chances are good that they will be met. Conversely, if expectations are low, those expectations will also be met.

Nordstrom believes in doing the right thing. The company seeks out people who want to do all the right things for all the right reasons. They seek out individuals who can think independently and who make the goal of creating a satisfied customer their highest priority. Nordstrom believes in throwing out the rules—real and imagined—and promoting empowerment and autonomous thinking. This philosophy is epitomized in their only rule: “Use Good Judgment in All Situations.”

In many cases, in most organizations, the rulebook goes way too far. It tries to tell people how to be instead of explaining what they're trying to do. At Starbucks, we always said that we need “recipes, not rules.”

Again, clarity of purpose is essential. Nordstrom is clear that every decision the company makes is for the benefit of customers, and that Nordstrom employees—both on the frontlines and in support—are crucial to enhancing the customer experience.

Trust is the cornerstone of all human interaction, be it social, emotional, or commercial. Caring—for coworkers and customers—is a sign of strength. Without trust and caring we'll never know what could have been possible in our organization.

High-trust companies hold their people accountable, treat them like responsible adults, and encourage them to take ownership of the customer experience. They want their people to be true to themselves and to their values. Positive actions and decisions build trust and show that you care. The best Nordstrom sales associates will do virtually everything he or she can to make sure a shopper leaves the store a satisfied customer. As my friend Bruce Nordstrom says, “The happiest customer is the one who leaves the store carrying a Nordstrom shopping bag.”

“Servant Leadership” is a philosophy and set of practices that I have tried to adhere to—from the days of watching my parents running their small grocery store in Seattle, to all my years at Starbucks, to the life I live today as an author, speaker, and mentor. The Nordstrom family and every successful Nordstrom manager, buyer, and executive represent the ideal of servant leadership. We are here to serve and support our team, not the other way around.

At Starbucks, we believe that there is no conflict between treating your people with respect and dignity and making a profit. We simply stated that respect and dignity are essential, which is why respect and dignity were factored into the price of every cup of coffee we sold.

Robert and breAnne have identified core cultural values that are absolute necessities for every organization: trust, respect, loyalty, awareness, humility, communication and collaboration, competition and compensation, innovation and adaptation, and give back and have fun. We can all agree that these values are essential to loyalty and longevity.

In this compelling and entertaining book, Robert Spector and breAnne O. Reeves show how any organization—including yours—can create a lasting customer service culture by attracting people who buy into your nonnegotiable core values.

Chock-full of stories of exemplary customer service, unselfish teamwork, fearless innovation, community and global citizenship, and good old-fashioned fun, this book will make you laugh, shed a tear or two,

FOREWORD

and convince you that your organization has the potential to become the “Nordstrom” of your industry.

If that’s your goal, what better time to start than right now?

HOWARD BEHAR, retired president,
Starbucks North America and Starbucks International

Introduction

A few years ago, Blake Nordstrom, copresident of the company with his two brothers, scheduled a lunch with the chief executive officer of another famous Seattle company. The CEO asked Blake if he wouldn't mind stopping by the tailor shop of the downtown Seattle Nordstrom flagship store on his way to the lunch, and bring with him a couple of pairs of slacks that the CEO had arranged to have altered.

"Blake said, 'Sure, no problem,'" the CEO remembered. By the time the two executives met for lunch, both of them had forgotten about the pants. "That evening at nine o'clock, there's a knock at my door. There's Blake with those two pairs of pants. I said, 'Man, that's what I call service.'"

In a sense, Blake's personally delivering those pants is the perfect metaphor for The Nordstrom Way. Nordstrom's culture encourages entrepreneurial, motivated men and women to make the extra effort to give customer service that is unequalled. "Not service like it used to be, but service that never was," reported Morley Safer in a profile of the company on the CBS television program *60 Minutes*. "A place where service is an act of faith."

Morley Safer made that observation in 1990. Although much has changed since then, Nordstrom's commitment to service has never wavered.

When *The Nordstrom Way* was first published in 1995, it struck a chord with countless organizations in a broad variety of industries all over the world. Many hundreds of thousands of copies and four iterations later, *The Nordstrom Way* continues to serve as an inspiration for virtually every sector of international business. Nordstrom endures as a standard against which other companies and organizations privately (and often publicly) measure themselves.

INTRODUCTION

“If all businesses could be like Nordstrom,” said Harry Mullikin, chairman emeritus of Westin Hotels, “it would change the whole economy of this country.”

“The Nordstrom Way,” the phrase that we have helped to popularize, is shorthand for a customer experience that is *sui generis*. Through all the changes that Nordstrom and the retail industry have gone through over more than a century, the Nordstrom Way is still in a class by itself.

It must be noted that Nordstrom did not suggest we write *The Nordstrom Way* nor did the company commission its publication. Nevertheless, when the original book was written, the company made its top executives, managers, and salespeople available for interviews. Through all the different versions of this book that we have written over the years (which we will explain in greater detail), Nordstrom has cooperated in helping us to tell their ever-evolving story.

Introduction to the Third Edition

This is a completely different book from the first and second editions, just as the first and second editions were completely different from the 1995 book and the 1997 trade paperback.

In 2005, for the 10th anniversary of the original publication, we initially thought of adding a new chapter or two. But upon reviewing the material, it was obvious that much of the book was too dated to be relevant. For example, the original book didn't mention something called the Internet. By 2012, the 2005 first edition was also dated. Hence, the necessity for the book you are now reading. Our books have evolved just as Nordstrom has evolved. Our books reflect both Nordstrom's bedrock culture and its understanding that survival requires perpetual adaptation and evolution.

This third edition is coauthored by breAnne O. Reeves, cofounder and partner of our consulting company RSi, a thought leader in

customer experience. This book is her vision, based on our years of research and working with clients in many different business sectors all over the world.

The Customer Experience Conundrum

This is not a book about selling shoes or clothes or cosmetics or jewelry. As the subtitle spells out, this is a book about creating a values-driven, service-obsessed corporate culture that encourages, motivates, rewards, recognizes, and compensates employees to consistently deliver a world-class experience to customers.

Each one of us is an expert on customer service. At one point or another during the course of our day, every one of us plays the role of the customer. We all know the difference between good service and bad service. You don't have to read yet another book to understand this.

So, then, why is good customer service so rare?

Picture in your mind a customer service counter. On one side of the counter is you, the customer. You know exactly what your expectations are: a good product or service at a fair price. If there's a problem, you want it taken care of as quickly, seamlessly, and painlessly as possible. Simple stuff, right?

But a funny thing happens to people when they move to the other side of the customer service counter (or the front desk or the reception area or the phone or Internet) where they are the ones who are giving service as opposed to receiving it. Unfortunately, this is the place where their behaviors are determined and dominated by the rules, the process, the manual, the bureaucracy, the way it's always been done:

“Sorry, that's against our policy.”

“Sorry, we have a rule against that.”

“Sorry, my manager's off today. Can I get back to you when she gets back?”