

## Customer Loyalty is an Inside Job!

I had the opportunity to speak at a conference in Atlanta, Georgia, in mid October and to hear another speaker talk on the subject of *Customer Loyalty*. The speaker, Dennis McCarthy, author of *The Loyalty Link*, has done considerable research into what creates loyal customers so I thought I would share with you some of his findings.

In fact his findings are no different to other research I have written about in the past from the UK... that there is a direct correlation between *customer satisfaction* and *employee satisfaction*. Employees cannot give what they haven't got!

Secondly, there is a direct correlation between loyalty and profit.

So why would not every organisation have a plan in place to increase *employee loyalty*, when the direct result of that will be increased *customer loyalty* and *profit*?

I think there are two reasons they don't... firstly building loyalty takes time and there is too much time pressure on executives to achieve results in the short term. Secondly, they don't know exactly how to go about it.

Denis McCarthy defines loyalty for customers as "An economic activity that occurs as the result of a series of highly satisfying interactions". When was the last time you went out of your way to do business with an organisation because you had experienced "a series of highly satisfying interactions?"

I have purchased fourteen cars from the same dealership, Col Crawford Motors at Brookvale in Sydney, over the past 20 years including cars for my wife, a daughter and various company cars. In fact I have only purchased from other dealers on two occasions over that time, and neither of them were memorable. Certainly I like the makes of car that this dealer sells, but the reason I keep going back is that the whole experience of dealing with their sales, service and office staff is delightful. I am no longer surprised when I get a call from them a couple of days after I have had my car serviced to check that I am fully satisfied with the service... even though I know it is highly unusual for that to happen.

### How do you build customer loyalty?

If loyalty is a result of "a series of highly satisfying interactions", then you need to ensure that with every interaction your customers have with the organisation they are getting a consistently high standard of "memorable service"... *every time, all the time, over time!* The customer's experience is created by every experience the customer has with your organisation.

What they expect when they interact with the company is *reliability, responsiveness, empathy, accuracy* and *availability*. So to make each interaction just satisfying is a significant challenge... one that cannot be met without the commitment of all employees to meeting these standards. What then do you have to do to make each interaction memorable?

The key is in the attitude of your employees... their attitude towards their jobs, and their attitude towards the company. Most conscientious employees will do what is expected of them... the aspects of their job that the employer and customer expect, and that is what Denis McCarthy calls **Non-Discretionary Effort**. Employees have no *discretion* when it comes to the aspects of their job that are in their job description.

But it is the **Discretionary Effort** that makes the real difference... in terms of increasing performance and productivity internally, and delighting the customer externally. How do you get employees to give that extra *discretionary effort*? It comes back to *attitude*. They have to want to give that extra effort and whether they will want to or not will be directly related to their attitude towards their job and the company. That is why *customer loyalty is an inside job!*

This where the role of leadership comes in... it is the environment that people work in that will determine whether they want to give out that extra effort. The first part of the leadership that is required is to create a *customer-focused culture* based on a shared vision and values, so that employees understand clearly what is expected of them. The second aspect of leadership that is needed is the **Discretionary Effort** from management to show a genuine interest in each employee and treat them the way you expect them to treat the customer.

When you think about it... *the primary role of leadership is to make sure that the customer experience is what you intend it to be every time, all the time, over time!*