

Satisfied Customers or Loyal Customers!

Is there a question?

According to author, Jeffrey Gitomer... “*Customer Satisfaction is Worthless, Customer Loyalty is Priceless*” –

Apparently companies like Costco understand the difference... They have been recognized as the leader in customer loyalty among warehouse retailers, rocketing from start-up to Fortune 50 status in less than 20 years, while spending next to nothing on advertising and marketing because of word of mouth referrals. They know that companies with the highest customer Loyalty typically grow at more than twice the rate of their competition. And, by Raising Customer retention rates by 5% it is possible to increase the value of an average customer by 25% to 100% (The Loyalty Effect, F. Reichheld). Rather than spending time trying to remember if you’ve ever seen a Costco advertisement, lets talk behavior and why emotions matter in the customer experience.

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Are You Building The Best Experience For Your Employees?

Building the Best ‘Before-and-After’ Experience

In previous issues about retention, we discussed the importance of helping your best employees grow, mainly by giving them the proper amount of attention. This provides them with the experience they crave, thereby increasing your rate of retention. In this article, we’re going to take a small step backward for the purpose of going forward.

That small step involves what the candidate hears during the interview process vs. what they experience after accepting the offer and starting their employment. This “before-and-after” dynamic is crucial to the overall retention experience, and it’s all the more crucial because many employers don’t take the time to examine what type of experience they’re providing for their new employees. And then they wonder why they take another job after only three months.

It’s Human Nature

The “before-and-after” experience is a smaller component of the larger, more complex subject of on-boarding, which we’ll be discussing in future articles. However, it differs from on-boarding in the respect that it continues for a greater length of time after the candidate becomes an employee—for at least the three-month period mentioned above, and perhaps even longer.

What it comes down to is this: you have to pay as much attention to what you say and do both before the candidate is hired and after they’re hired as the candidate does.

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Regardless of how high a company's satisfaction levels may appear, satisfying Customers without creating an emotional connection with them has no real value. This should be a red flag issue, especially when you consider that it's reported that 90 to 96% of customers won't complain. They simply walk away. Emotions Matter...because customers and staff are always emotional, and in service industries because it is so personal and stressful, the emotions are more intense. A healthy way to view emotions is not as a problem

BUT as the basis for forming relationships – This is how to develop *Loyalty!*



Start with a discussion about the vision of the company. If it's written, you can usually find a statement about customers under glass on a conference room wall. It often goes something like this... "*We believe Customer Satisfaction is our #1 Priority.*" But when you ask people inside the organization what that statement really means and how it's measured, the silence is often deafening. If the people in the organization don't have a clear definition of what you mean by customer satisfaction, then how do they convey it to your customers?

I have come to the realization that "Customer Loyalty is all that matters," especially when you define *loyal customers* as people who will do business with you again, tell others about you without hesitation, and refer people they care about to do business with you. Hugh McColl, referred to as the greatest banker of all time, founder of North Carolina National Bank, that ultimately became Bank of America had a simple philosophy: "I take care of my people, my people take care of my customers, my customers take care of my shareholders." He never said, "I want to be the number one bank on the planet." *Loyalty is earned...* it stems from actions that are taken and the words that are spoken by employees. It's not just *business as usual!*



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The fact of the matter is that the majority of company officials fail to do that. *The reason?* They don't have the time to do it, or perhaps more accurately, they *think* they don't have the time. Sure, everybody's busy, but those people willing to apply energy to critical areas are the ones that will be more successful in the long run, and providing the best experience to candidates in this situation is most definitely critical.

You see, an employee is mentally comparing and contrasting what you say about the company and the position during the interview process with what they experience after they're hired. They do this either consciously or subconsciously. (It's human nature . . . there's no way around it.) And if the notes they compare don't match, then the experience you're providing is ultimately a negative one. Consequently, your chances of retaining that employee decrease dramatically.

A Hierarchy of Needs

Okay, so what are some of the areas about which employees take (and compare) mental notes?



There are a few, to be sure, but there's also a hierarchy of importance:

- **Job requirements** – This is the one that can cause you the most damage. Nothing will deflate a new employee more quickly than discovering that what they were told about their new position during the interview was nothing like it actually is once they started the job.
- **Company culture** – Telling a candidate during the interview stage that they won't be expected to work past 5 p.m. isn't wise if the company culture is one that dictates – in an unwritten fashion – that longer hours are not only encouraged, but expected.
- **Perks** – This could include the availability of a company car, the number of holidays the company observes each year, the amount of vacation time afforded new employees, or even the details of their health insurance plan.

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- **Miscellaneous expectations** – If the new employee has been told that they'll meet with their immediate supervisor for an hour every week for the first four weeks of their employment, and that doesn't happen, then their expectations were not met. This category can include a host of other things, including what equipment you're providing the employee, the length of their lunch break, the company's policy regarding personal phone calls, etc.

There are **two measures** that you can undertake to ensure that you're providing the best "before-and-after" experience. The first is to meticulously write down what you tell candidates during the interview process and then consult the list in the weeks after the candidate begins employment. Keep an eye out for any discrepancies. The second measure is to conduct a "post-interview" with the employee and inquire as to whether or not their expectations are being met. This is probably the more difficult of the two measures, since there's a prevailing company mindset that stipulates new employees "must prove themselves." (That's why companies have a probation period.)



What many company officials fail to realize, though, is that **they're** on probation, too, as is the company in general. Not only does the employee have something to prove, but in a way, you do, as well. By realizing this and addressing it in a pro-active fashion, you can enhance the experience that new employees receive and dramatically improve both their satisfaction and your overall rate of retention.

For additional information, please contact inPursuit Consulting, LLC at 651-330-0977 or e-mail: bill.gschwind@inpursuitconsulting.com

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Handling Stress

If you're like most people, you deal with stress on a daily basis. Stress can come from good things – an upcoming wedding or promotion – or bad things, like legal or other personal problems. In any event, it can cause physical ailments – such as headaches, problems sleeping, backaches, fatigue, upset stomach and high blood pressure along with mental and emotional symptoms such as depression and anxiety.

Nobody can avoid stress altogether and some stress is good for you. But, it's best to keep unhealthy levels in check. Here are some quick strategies to help you reduce and manage your stress:

- ✓ *Make a list of things that cause you stress and try to avoid or manage them differently*
- ✓ *Exercise at least five days a week, but make it something you enjoy*
- ✓ *Avoid Alcohol and Drugs*
- ✓ *Build Loving Relationships and Support Networks*
- ✓ *Learn how to Relax and get enough Sleep*



ONE MINUTE IDEAS

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Opportunity... Often it comes disguised in the form of misfortune, or temporary defeat.

— Napoleon Hill

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Employment Laws You Should Know

Employee Retirement Income Security Act (ERISA) governs how private employers must manage employee benefit plans, such as pension funds, health insurance, and disability benefits. ERISA sets certain limitations on the way the funds in such plans may be invested, and prohibits an employer or plan administrator from wrongly refusing to provide plan benefits, such as refusing to pay disability benefits to a plan participant who is truly disabled.

Employee rights include the right to privacy and to be reinstated to work under certain circumstances if the employee serves with the military. It also limits on an employer's right to conduct a background or credit check, garnish employee wages, or require an employee to take a polygraph test.

Employment contracts include written agreements signed by the employer and employee, as well as "implied" contracts created by employee handbook terms or verbal agreements. An employment contract can govern the length of employment, vacation, benefits and stock ownership, circumstances under which the employee may be fired, and whether the employee may compete with the employer after he or she has left the job.

Check with your legal representative for legal advice and clarification on these laws.



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