

'It takes years to win a customer and only seconds to lose one.'

by Catherine DeVrye

We work our butts off to gain repeat business because we know it costs five times more to obtain a new customer than to retain an existing one. We've learned about the loyalty ladder of turning suspects to prospects- to customers- to clients-to advocates. We know the value of word-of-mouth advertising. We've read that a 5% increase in customer loyalty can mean up to an 85% increase in profits. Many organizations have even invested millions of dollars developing loyalty incentive programs.

But just how loyal are customers? And staff? Is there any correlation between the two and what can management do to increase loyalty? With takeovers and retrenchments, many employees are sceptical about loyalty because they don't feel they receive any from their employer. Loyalty is never a one-way street.

Customers are also cynical when they see expensive advertising campaigns with enticing offers to attract new customers, but feel they-the existing customers-are often ignored and taken for granted by the supplier.

Sales training has historically focused on closing a sale. Too often, sales representatives have been successful in getting the order but then forgetting the customer, possibly because their commission programs didn't take retention into account.

Customer and staff loyalty must be earned like the loyalty of long-term friends or pets. A friend has a sign on her fridge:

'The more I know men, the more I love my dog.'

She laments that she has been unable to find a man as loyal and loving as her faithful pooch and I'm sure any canine-loving males reading this could say the same about females, as a man's best friend is always glad to see them and never nags!

What's more, dogs endear themselves to us by wagging their tails instead of their tongues; something worth remembering in the workplace as well! Although I deplore gossip, I must confess to times in the past when I've succumbed to it. When I left IBM, another female colleague who departed at the same time took the initiative to set up a network of IBM women. It was a marvellous idea and we would often comment that it was a pity that we hadn't been more supportive to each other within the corporation, rather than sometimes feeling another might be a threat and thus lose a potential opportunity through petty jealousy or turf guarding-both of which are best left to dogs.

When my golden retriever had ten pups, I offered to donate one of Tam's litter to the Guide Dog Association. In doing so, I learned a valuable management lesson when the trainer informed me that there are two sorts of dogs that flunk out of guide dog school.

One is the dog that is totally disobedient. It tears up your possessions, growls and refuses to stay still on the lead. You'd expect that sort of dog to fail. But, strange as it sounds, the other sort of dog which fails is the one that is totally obedient. As I looked puzzled, the trainer explained:

'Picture yourself at a major intersection. You're blind and have your dog. You command the dog: 'Go!' Without questioning whether or not to obey you, it goes!'

The trainer went on to explain that the dogs which passed were the ones labelled 'selectively disobedient', with emphasis on the word 'selectively.' They would assess the situation and then block your path to save you from a semi-trailer which might have killed you, if the dog had blindly obeyed the command.

In most modern organizations, employees are, in many ways, like good guide dogs. They don't simply obey without thinking of the consequences. They no longer assume that the boss is always right and has all the answers.

The ideal employee is one who assesses every situation and may often be 'selectively disobedient' for the good of everyone. The key is to create a spirit of trust within an organization so that no one- no matter how junior or lowly they may be on the pecking order- is frightened to turn to the boss and say:
'Hey, I think there's a better way.'

This sort of corporate culture would literally save management from the equivalent of a semi-trailer, in the form of the competition which could be about to flatten your organization. To be more profitable, employers must allow employees to be more profit-able by ensuring the unnecessary barriers to bureaucracy are removed.

In a day and age where many employees expect more from work than just a pay cheque, it is crucial to create an environment, which instils long-term loyalty and trust and treats both employees and customers, as you would like to be treated. After all, if you don't look after your staff, they won't look after your customers. And you have no hope of making your numbers if you treat employees like numbers.

Although people aren't dogs, there are lessons management could learn from them about creating loyalty and trust in employees. Like finding new customers, it takes a lot longer to go through the process of hiring competent new staff than it does to look after your existing ones. It's far better to focus on rewarding desired behaviour, as illustrated by another dog story:

A blind man and his dog weave in and out of the traffic across a major street. After they miraculously reach the other side in one piece, the blind man reaches in his pocket to give the dog a biscuit. A passer-by, who witnessed the dangerous crossing, says: 'If I were you I wouldn't reward that dog – it almost got you killed.'

The blind man responds:

'I'm not rewarding it, I'm just finding where its mouth is so I can kick it in the butt!'

To create staff loyalty, it's important to tell staff how well they are doing and not just give them a boot in the butt when things go wrong.

It's also important to regularly let your regular customers know-often-how much you appreciate their business rather than wait until they've left or are about to do so. It's too late then to try and win back their loyalty because like friends:

'It takes years to win a customer and only seconds to lose one.'