



Leading For Loyalty

A Brookside White Paper

MANAGING CUSTOMER LOYALTY

Two Weary Businessmen

Two weary businessmen are sitting at a bar at Logan International Airport on a rainy afternoon in Boston.

“This airline stinks,” says the first. “It has the absolute worst on-time arrival and departure record out of this airport of all the airlines, including those new discount carriers.”

“Well, why are you sitting here waiting for that twice-delayed shuttle to LaGuardia? Run over to another airline. Or take the Acela.”

“Beats me. I hate to admit it, but every now and then I run into a really helpful agent. Two weeks ago my wallet slipped out of my pocket as I was deplaning and I didn’t discover it missing till I was through security. I couldn’t go back for it because I had no identification. I was stuck and a little angry with myself. One of the ticket agents called the captain, and he found my wallet and got it right back to me. Maybe I’m crazy to think about that stuff. The truth is that none of the airlines know anything about real customer service, and this one has had awful computer problems here recently I just keep flying them.”

CUSTOMER LOYALTY - A Matter of Personal Relationships

What's going on here? Why did the frequent traveler remain so loyal despite objectively mediocre performance on the part of the service provider? How complicated was his decision to stick with his current airline? And what does retrieving his lost wallet have to do with his loyalty and willingness to give that airline the benefit of the doubt this afternoon?

The answer is simple: In a surprising number of cases, customer loyalty isn't rational and isn't just about the physical product or tangible aspects of the service. It is emotional, intangible and very personal. For many products and services, once the quality meets a surprisingly low level of customer acceptance, loyalty has more to do with the relationship that a customer has with the provider than with the physical or objective aspects of the provider's offer. It has to do with how people feel when they own a product, use a service or work with a provider. Once a product or service is thought to be "in the competitive ballpark" when it comes to price and quality, the person's motivation to keep buying and using the product or service depends on the extent to which it satisfies his or her personal and emotional needs.

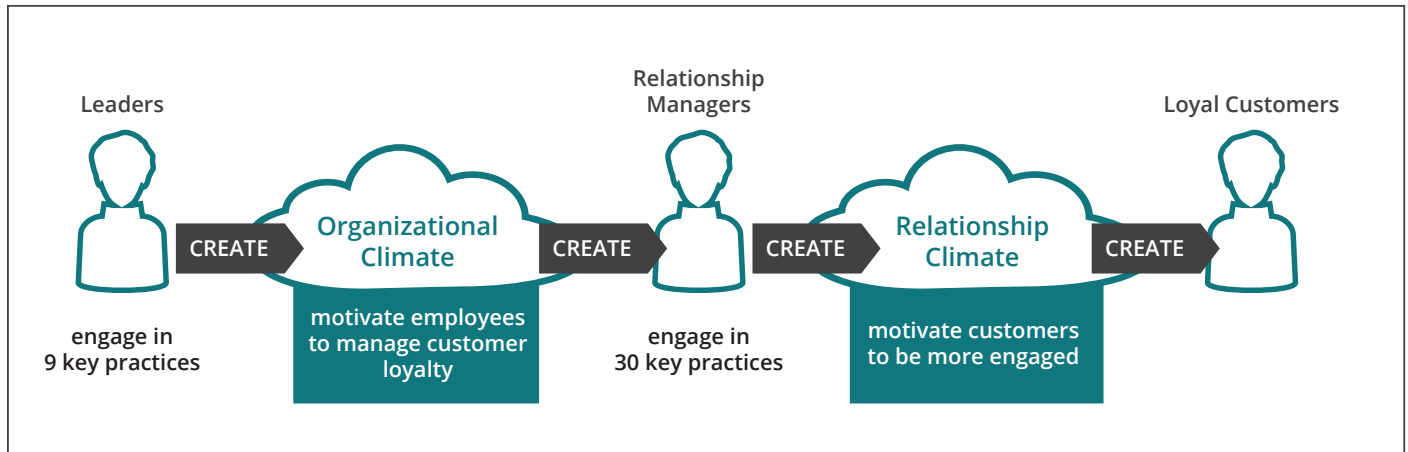
But if customer loyalty is so often a matter of relationships, how do you define and understand it? How do you measure it? And how can you manage the motivational aspects of thousands or even millions of customer interactions? The more emotional and personal the bond between provider and customer, the stronger the potential loyalty, but establishing and maintaining such personal connections means depending on all the people who interact with customers. When loyalty comes down to so many people, managing it gets messy.

THE ROLE OF LEADERSHIP

Knowing that your company's fate is in the hands of every employee who "touches" a customer is frightening. But fortunately, the messy and mysterious emotional core of customer loyalty does not mean we have to throw up our hands and just hope things work out. We are learning how to define and measure the emotional strength of customer relationships, and we are learning exactly what kinds of leadership motivate employees to

emotionally connect with customers. Research is beginning to uncover the psychological dimensions of customer loyalty, allowing us to more precisely identify different levels of loyalty and, most importantly, pointing to what sellers can do to make buyers more loyal.

The leadership equation is not simple. There are a series of cause-and-effect interactions in organizations that generate higher levels of customer loyalty. The chain of causality goes like this:



The balance of this paper will describe the details and dynamics of these cause and effect relationships and discuss the practical implications of our ongoing research into customer loyalty. As always, it is important to start with the customer.

UNDERSTANDING CUSTOMER MOTIVATION

The key to having customers do what you want them to do is to arouse or activate their motivation: that is, to increase their “energy investment” in performing a specific task (in this case, continuing to purchase and use your product or service). Research has demonstrated that the key to arousing or stimulating a person’s motivation lies in the motivational atmosphere or Climate that surrounds the person.¹ We define Climate as the sum of what people feel, what they expect will happen to them if they behave in a certain way, and the value they place on these expected outcomes. In a relationship, these expectations and perceptions of consequences are largely created by the nature of the interactions and conversations between the people in the relationship. Climate, however, persists even after the interactions that created it have stopped. It lingers. In a very real

¹ G. Litwin and R. Stringer, *Motivation and Organizational Climate* (Boston: Harvard University Press, 1968)

sense, Climate is a set of “left-over feelings and expectations.” That’s why the weary traveler remembers his feelings of being helped when he needed it by his underperforming airline. Climate arouses motivation and determines the behavior of people in battle battalions, on athletic teams, within business organizations, in families, and in situations where buyers interact with sellers.

Sidebar #1: Climate Research

The original research on aroused motivation and what has come to be called “Organizational Climate” was conducted by George Litwin and Robert Stringer, Jr. In their book *Motivation and Organizational Climate*, they established that Climates were real and measurable and had a predictable and powerful impact on the aroused motivation and behavior of the members of an organization. Their research documented how Organizational Climate, defined as “the collection and pattern of environmental determinants of aroused motivation,” stimulated the need for achievement, the need for affiliation and the need for power – the three most important and most studied social motives.² Six dimensions of Organizational Climate were identified as having the most impact: Structure, Standards, Responsibility, Recognition, Support and Commitment, with each carefully defined and measured by means of responses to questions in a “Climate Survey.”

Defining the most important aspects of the motivational environment was just the first step. Research outlined in Stringer’s more recent book, *Leadership and Organizational Climate*, went on to explore the various determinants of Organizational Climate.³ Although factors such as external forces, formal structures and historical traditions influenced Climate, the most significant determinant of climate turned out to be leadership – the day-to-day practices of the supervisors or managers of the organization. Changes in leadership practices were shown to lead to changes in Climate, which in turn led to changes in aroused motivation and behavior and ultimately to improved performance. *Leadership and Organizational Climate* identified the specific leadership practices that were most closely associated with high-performing Organizational Climates.

Since 2001, we have been studying the application of Climate methodology to measure the aroused motivation and behavior of customers. We knew that a positive Organizational Climate improved an employee’s “energy investment” and commitment. Would a positive customer Climate (which we called “Relationship Climate”) similarly improve the “energy investment” and commitment of customers? And was Relationship Climate a good predictor of customer loyalty?

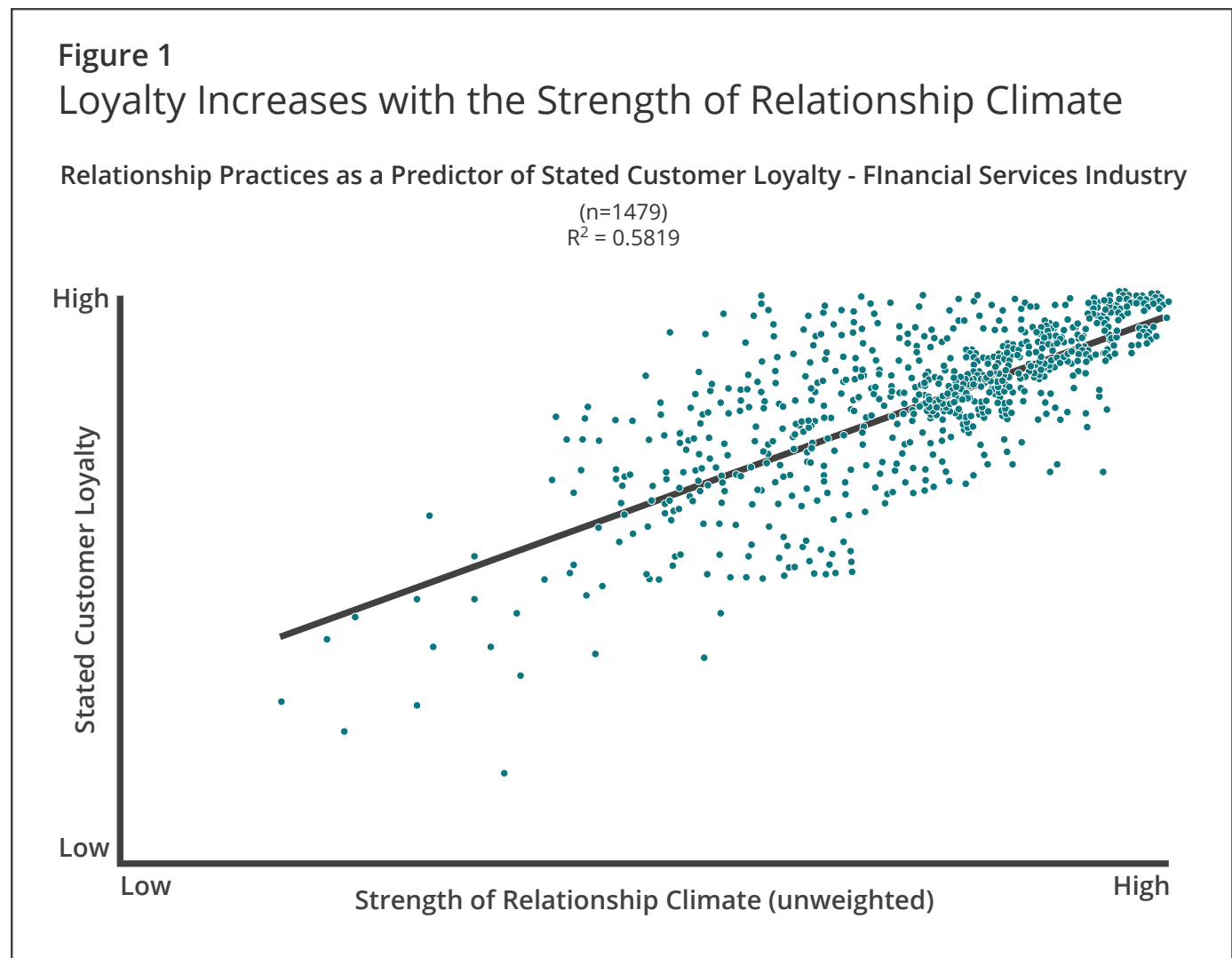
Today, after six years of cross-industry research, we can say without a doubt that the answer to both questions is a definitive yes. Where there is an interpersonal interaction between a provider and a customer, the aroused motivation of customers is determined by

² Ibid, page 5.

³ R. Stringer, *Leadership and Organizational Climate* (Upper Saddle River, NJ: Prentice-Hall, 2002).

the Relationship Climate that they experience. Not surprisingly, the practices of a company's customer-facing people have the same determining effect on Relationship Climate as leadership practices do on Organizational Climate. And, like Organizational Climate, a Relationship Climate influences behavior even when the people who created it are no longer in direct contact with the customer.

Figure 1 summarizes the correlation between our measure of Relationship Climate and actual customer loyalty for a major financial services organization.



Customers of this financial services company were asked to rate their loyalty to the company (the vertical scale) and asked a series of questions to measure the strength of the Relationship Climate. Each dot in Figure 1 represents the response of a specific customer. The positive correlation between stated customer loyalty and Relationship Climate is summarized by the upward sloping line.

THE DIMENSIONS OF RELATIONSHIP CLIMATE

If customer loyalty is a matter of the personal and emotional dynamics of the relationship between a customer and a provider, which aspects of that relationship matter most, and how can they be described in terms of a motivational climate? We answered this question first by conducting a thorough literature search – investigating what had been written about customer satisfaction, retention and loyalty. Combining these data with our knowledge of motivation theory, we then interviewed over 200 customers and customer-facing professionals in seven different industries to uncover the factors that were deemed to be most important. This research led to an initial list of eight dimensions of the buyer-seller relationship that seemed to have a significant motivational impact on customer loyalty.

We tested our initial list of Climate dimensions and survey items with a major insurance company. “Good clients” (those with whom the relationship was felt to be strong and where sales outcomes were lasting and positive) were compared to “not-so-good clients” (with whom relationships were judged to be weaker and sales were poor). A factor analysis showed that six of our eight Climate dimensions were highly correlated with aroused motivation, positive relationships and favorable outcomes. We then conducted a classification and regression tree (CART) analysis to identify the individual items within each dimension that had the greatest impact on positive customer relationships and favorable outcomes.

We continued to refine our Relationship Climate survey, testing it with other *Fortune* 500 companies, B2B startups, service companies and manufacturing companies in a number of industries. Our current survey measures six dimensions of Relationship Climate:

- **Integrity** – Trust and Dependability. Can you be counted on to act in a predictable manner? Does the customer believe what you say? Are you reliable? Are you ethical in your business dealings?
- **Competency** – Ability to Do What You Say. Can you, your product and/or service actually deliver what you have promised? Do you have the people, skills, tools, experience, systems, processes, etc., needed to perform as expected?
- **Recognition** – Acknowledgment of the customer’s importance. Is the relationship important to you, or is the customer just a number? What have you done lately to demonstrate and reinforce the importance of the relationship?

- **Proactivity** – Doing Things Before the Customer Asks. Do you only do what has been contracted for (or what it “says on the label”), or does the product or service go above and beyond? Do you ensure that the customer doesn’t encounter any unwanted surprises?
- **Savvy** – Understanding the “Big Picture” and How the Customer Personally “Wins.” Do you know what each customer’s concerns are, how customers define “value” or how each one operates, and how you can help each one achieve his or her goals?
- **Chemistry** –Doing Business with People You Like. Do customers enjoy working with you or using your product or service? Do they look forward to the next interaction or relationship experience? Is your communication efficient and effective?

These six dimensions define the Relationship Climate that exists between the customer and the product or service provider. Our survey includes questions about how customers perceive the product or service provider’s industry, company, products/services, and most importantly, the actual actions (or inactions) of people they interact with in the company. If you ask customers the right questions, you will be able to assess the strength of each dimension of Relationship Climate. Depending on the pattern of strengths and weaknesses, you can predict how customers will feel, how they will behave and how loyal they will be.

THE EVOLUTION OF RELATIONSHIP CLIMATES AND HOW CUSTOMERS BEHAVE

We know for certain that not every customer relationship can have deep emotional overtones or involve a high energy investment on the part of the customer. But what are the behavioral consequences of different patterns of Relationship Climate? The factors at play vary by industry and by product or service. Most importantly, they vary with the extent to which a sales or service person is actively involved in the sale or post-sale relationship. We have discovered that most customer relationships evolve in predictable ways.

Most new customer relationships start out as “transactional.” Loyalty between the provider and the customer is weak and is typically limited to the customer’s perception of the tangible attributes and benefits of a specific product or service or transaction. Customers are “satisfied” with the product or service, but they are passively shopping around for a better deal. This is the trap of listening to “customer satisfaction surveys.” Customers are not loyal simply because you deliver what you were supposed to deliver. An example of this

kind of transactional relationship is when a busy person will shop at a certain grocery store simply because it is the nearest to his or her house. If a new store were to be built closer, the customer easily would switch.

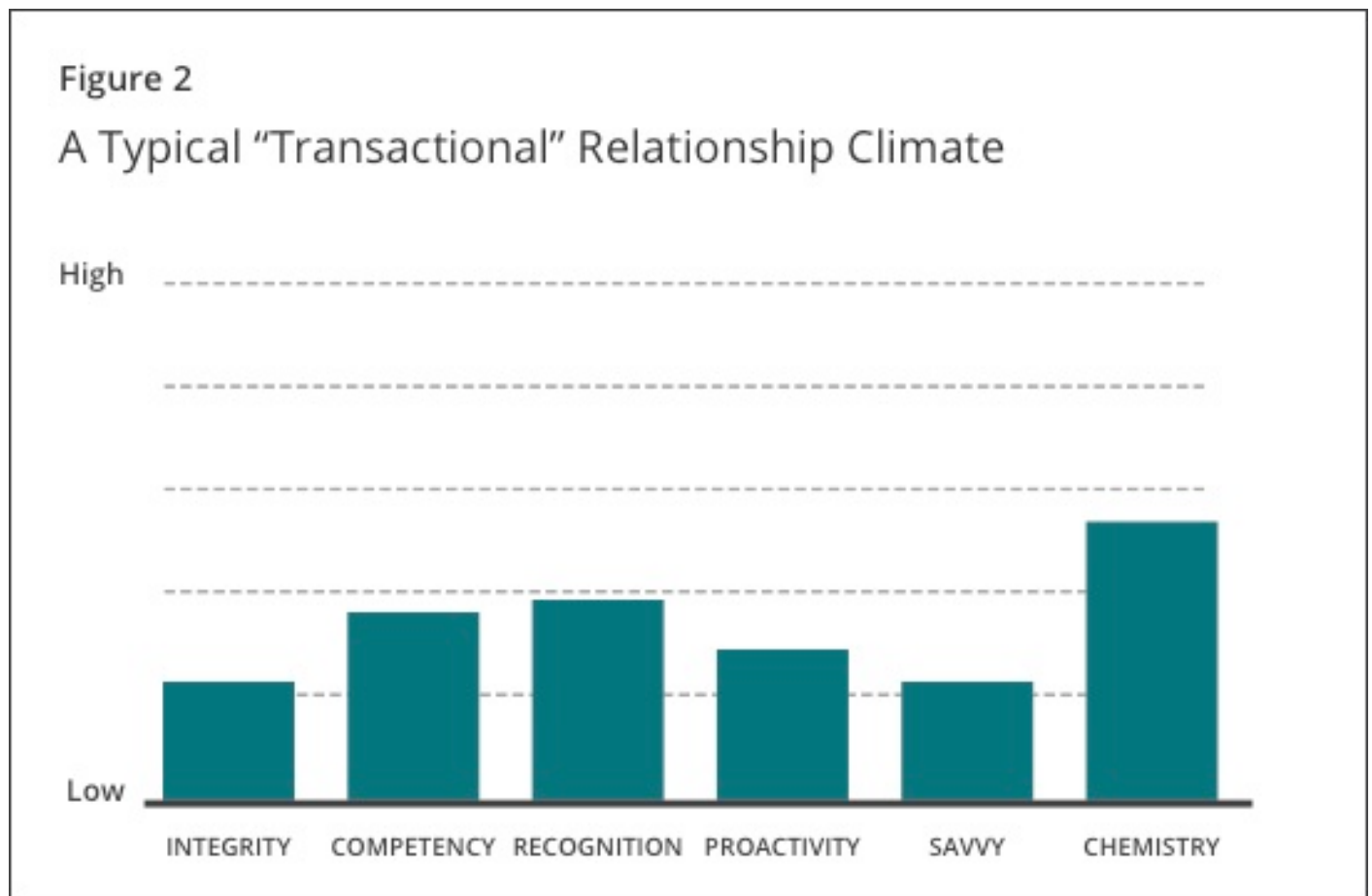
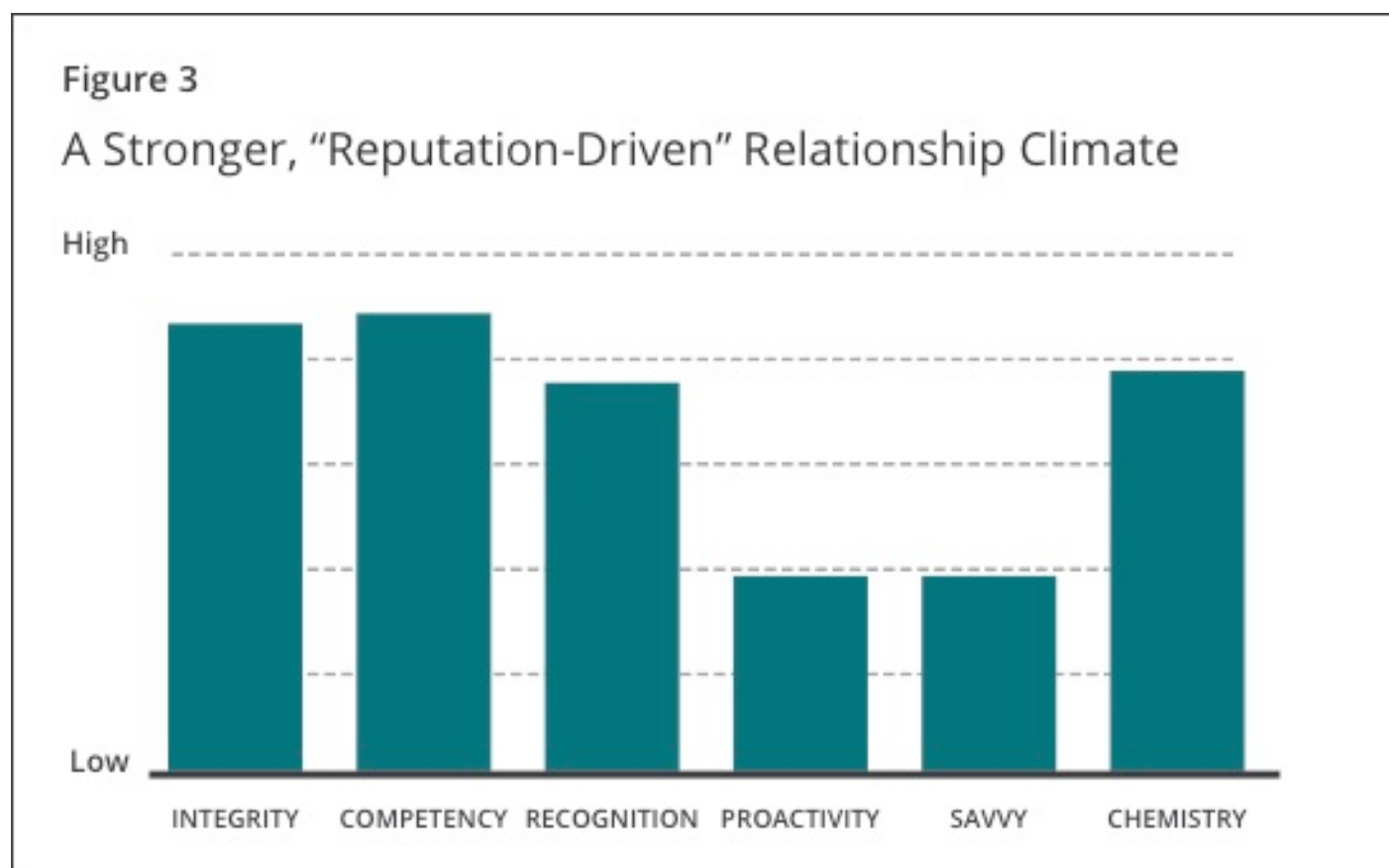


Figure 2 above illustrates a typical profile of the Relationship Climate as perceived by a not-very-loyal group of mid-level marketing department customers of a firm offering market research studies and tools. (The vertical scale is a percentile score based on our cross-industry norm base.) These customers were looking for evidence that the company could be relied upon and that its market research products and services measure up. The challenge facing the provider’s sales and service team was to create a Climate of higher Integrity and Competence because a company has no chance of creating a loyal customer unless it proves it is both reliable and proficient. Examples of things a company could do to demonstrate higher levels of Integrity and Competence include training sales representatives to act more professionally, having them take notes when dealing with customers, sending a summary of conversations and being super-responsive and available to customers. Although it varies by industry, we typically see one-quarter to one-third of customers with this pattern of high satisfaction but relatively weak loyalty.

After a buyer and seller have proven themselves, the relationship evolves and strengthens. It becomes what we call a “reputation driven” Relationship Climate. Customers become predisposed to buy a product and continue the relationship because of the customer’s own pattern of successful transactions with the company. The provider has earned a favorable reputation. Customers are able to look beyond a given transaction and are prone to trust the provider to offer other products or services that will satisfy their needs. Many people feel this way about their professional service providers – accountants, lawyers, etc. Their experience to date may have been with routine services (for example, preparing a tax return or closing on a new home purchase), but they are inclined to give the provider the “first shot” at providing a new product or service. In our research with B2B organizations, we typically find as many as half of all customers fall into this category.



The “reputation driven” Climate profile in Figure 3 above typifies the evolution to this level of customer loyalty. The Integrity and Competence dimensions are high, and the provider has earned a favorable reputation. But now the service provider (in this case a financial services company) must focus on the next two Relationship Climate dimensions – Recognition and Proactivity – if there is going to be stronger customer loyalty. Simple examples of how to do this are when a customer service representative remembers a

customer's name and preferences or when a proactive saleswoman stays in touch with a customer to make sure there are no ongoing unmet needs. When FedEx or American Airlines calls after noticing a drop in your purchases or use to ask if everything is OK, that company is demonstrating Recognition and Proactivity.

The highest level of customer loyalty occurs when the relationship involves more of an emotional bond than a rational one. "Emotionally loyal" customers will limit their shopping ("We always get our cars at Dunning Toyota" or "Fidelity always handles our employee benefit programs") and are far less price sensitive. They tend to forgive any lapses by the company, giving it the benefit of the doubt. Because they personally and emotionally identify with the product or service, "emotionally loyal" customers will speak positively of it and refer new customers to the company. Our research has shown that customers who give providers high Relationship Climate scores will talk positively about the provider 44% more than low Climate customers. Such customers are committed to the product or service, the relationship and the success of the company. Examples of strong, emotionally loyal relationships can be found at McDonald's (especially among mothers of small children) and at Apple Computer (especially among professionals who do a lot of graphic design work).

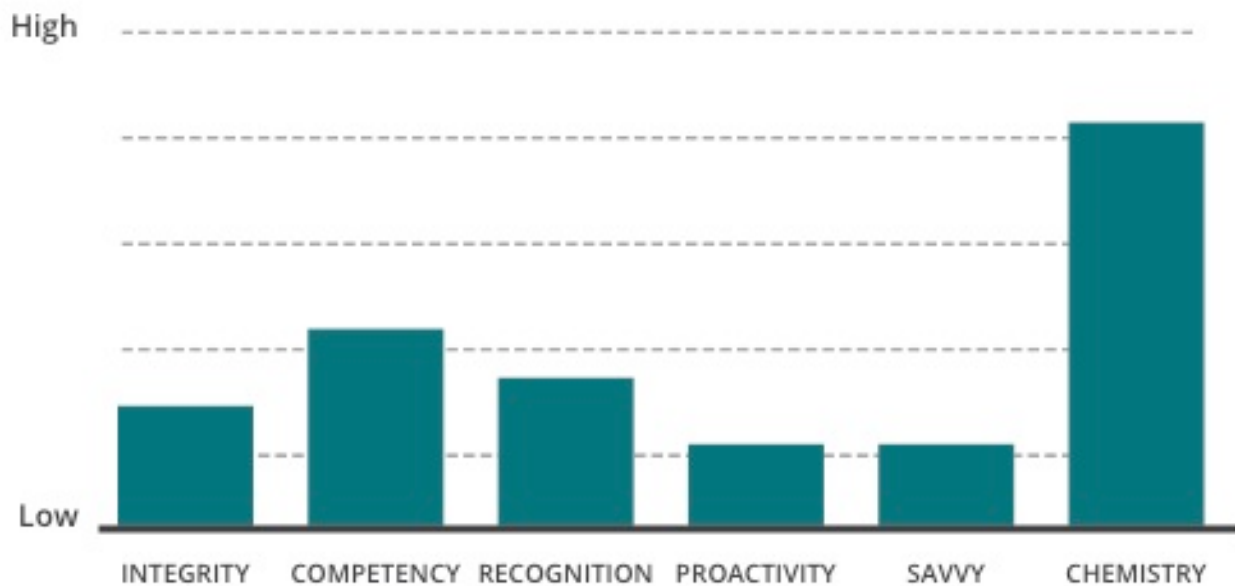
In order to move to the "emotionally loyal" level of customer loyalty, companies and their representatives must demonstrate proficiency in the last two Relationship Climate dimensions: Savvy and Chemistry. These dimensions describe the most individualized and emotional elements of the relationship. Therefore, they require the most dialogue and the most intimate customer knowledge to be strong. Think of loyalty to the old neighborhood mom-and-pop stores. And think of great salespeople and account managers who become true Trusted Advisors.

Of course, relationships can and do evolve in the other direction. When a product doesn't perform as promised, a customer feels betrayed. Antagonized customers aggressively seek alternatives and frequently "bad mouth" the company. Any significant amount of negative customer comment can have a profound impact on a company's reputation and its bottom-line performance. Think of how a financial advisor would fare once his or her customers started spreading the word that he was untrustworthy or dishonest, or simply unreliable or undependable.

Different patterns of Relationship Climate provide insights about customer motivation and these, in turn, can lead to different actions to improve customer loyalty. For example, what do you think is going on between the provider and the customer when the Relationship Climate profile is like the one shown in Figure 4? How does the customer feel? What should the company do?

Figure 4

A High Chemistry, Low Competency Relationship Climate



Relationship managers or providers who score high in Chemistry but low in Integrity or Competency are perceived as being “slick” or insincere. To many of us, the classic used-car salesman comes to mind. These are not the kinds of representatives who build successful long-term relationships and customer loyalty. Armed with these data, the provider should coach this relationship manager to better demonstrate Integrity and Competency before pushing too hard to build a “friendly” relationship with customers. For example, an automobile sales representative could be coached to start by asking detailed questions about the needs of the buyer (e.g., driving habits, importance of fuel economy) so that he is perceived to be “objective.” In addition, the salesman could share information from objective sources (e.g., printouts of recent auction prices if the car the buyer is looking to trade in, reviews from auto industry trade magazines, etc.). These practices tend to stress the technical knowledge and expertise of the provider’s representative.

RELATIONSHIP CLIMATE AS A MANAGEMENT TOOL

The most compelling benefit of using the Relationship Climate concept is that it provides practicing managers with a tool to help improve customer loyalty. It allows companies to measure the strength of the emotional bond with their customers and to take specific and focused action to strengthen this bond. Relationship Climate is actionable because we know what causes it.

Our research and field experience with a variety of organizations have isolated a set of sales and service practices closely associated with each Relationship Climate dimension. The day-to-day practices of all the people involved with customer relationships were found to have a significant impact on the Relationship Climate (see Sidebar #2). Implementing or emphasizing certain relationship management practices can improve targeted Climate dimensions and increase the likelihood that stronger psychological bonds will be created with customers.

Here's a sample of the relationship management practices that we found to be statistically correlated to Relationship Climate:

- Act professionally with courtesy and respect (an Integrity practice)
- Thoroughly prepare before any interaction with a customer (a Competency practice)
- Conduct business around the customer's schedule (this drives Recognition)
- Ensure that the customer does not encounter any surprises (Proactivity)
- See beyond immediate problems to identify patterns and connections (a Savvy practice)
- Relate to the customer on a personal level (Chemistry)

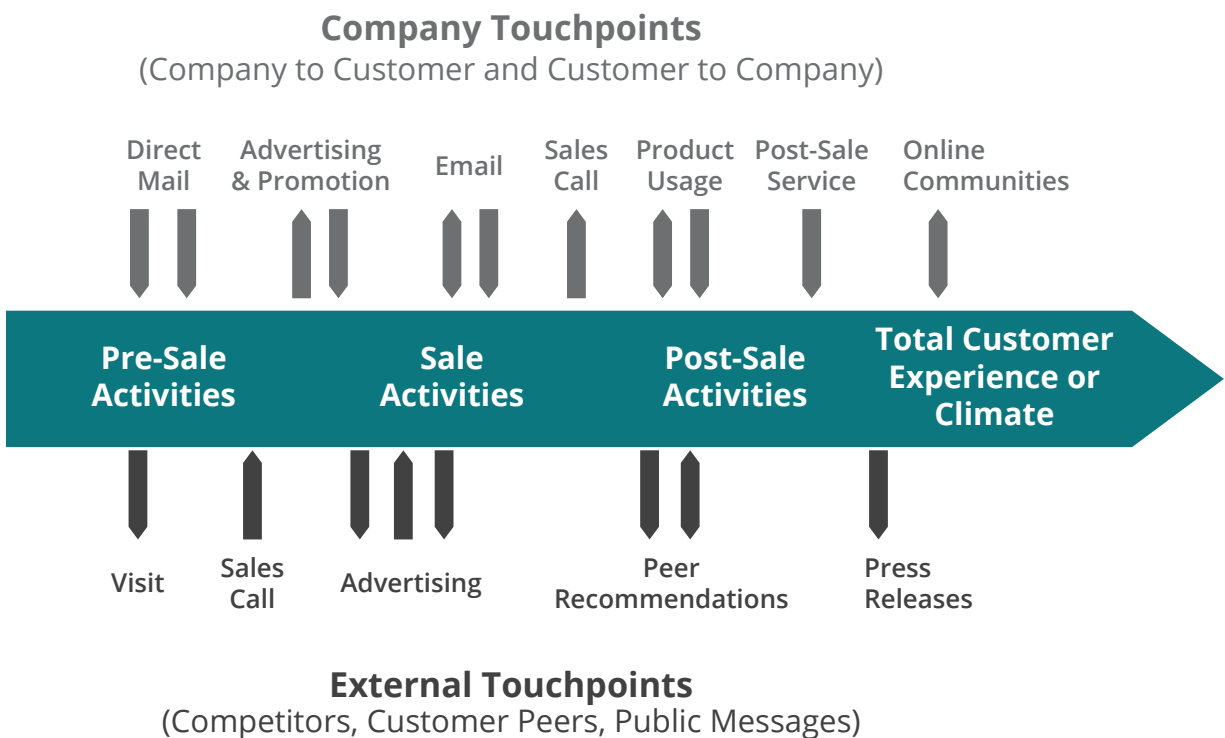
Although the day-to-day practices of people who deal with customers are the dominant determinant of Relationship Climate, it is important to understand that customers' perceptions of the relationship and the value they derive from the relationship are driven by other factors as well. These perceptions are created at various touchpoints with an organization or product/service provider. Figure 5 gives a picture of some of the most common touchpoints that impact customer loyalty.

In Figure 5, the company providing the product or service is represented at the top. The company's marketing efforts "touch" prospects and current customers via direct mail, advertising, promotion, etc. and create expectations that begin to generate a connection. Utilizing technology to "touch" potential customers by means of email and the Internet is,

perhaps, the most underrated way to create a positive Relationship Climate. Retailers, who must worry about thousands of individual sales and customer contact people, are learning quickly. For example, Crate & Barrel has invested in a robust and interactive website and has managed to create a positive customer experience even before the customer makes a purchase. Amazon's proactive system of telling customers what other offers they might want ("customers who bought this item also purchased..."), coupled with its "One Touch" software, were instant successes because they created a more personal and convenient connection to the company and its services.

Figure 5

Company and External Touchpoints



Perhaps the most exciting development is the use of private online customer communities. More and more companies are finding that online communities create stronger emotional bonds and positive Relationship Climates with targeted customer groups. A study published by Communispace Corporation (the leading provider of software for private online customer communities) found that 82% of community members were more likely to

recommend the company's products than they were before joining the online community, and 54% of members were more inclined to purchase products from the company.

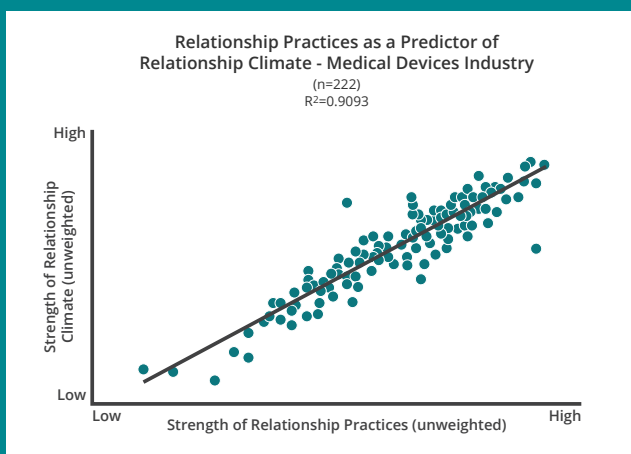
For B2B relationships and many big-ticket B2C purchases, the most important company touchpoint is the sales call or experience with the people representing the selling organization. These personal "touches" are especially critical for products/services that have significant usage and service requirements after the sale. Such post-sale experiences have a profound impact on a customer's overall perceptions of value and his or her emotional commitment to the relationship.

Our research shows that loyalty to smaller-ticket consumer products also strengthens dramatically when customers experience a more personal involvement with the product or with the company providing the product. Zoots, a laundry and dry cleaning service, attached a note to a customer's shirt saying that they noticed a button was missing and replaced it. This was great service. Attaching the personal note triggered a more personal connection and created the next level of customer loyalty.

External touchpoints are represented at the bottom of Figure 5 above. These are the activities of competitors as well as those of the customer's friends, peers, the media, and others. Although not as obvious as the company touchpoints, external touchpoints help shape a customer's expectations, his or her perceptions of relative value and the possible emotional consequences of "switching" or changing the customer-provider relationship.

SIDEBAR #2: How Well Do Practices Predict Relationship Climate?

Using a set of 30 practices, we studied the current state of customer loyalty at Philips Medical Systems, a division of Royal Philips Electronics, the \$32 billion healthcare, lifestyle and technology conglomerate based in the Netherlands. The results were clear and compelling.



Overall, the relationship between our set of relationship management practices and total Relationship Climate demonstrates very strong predictive power. The graph to the left shows the correlation between overall practices scores and overall Relationship Climate scores. Each dot on the graph represents a Philips customer.

ONE MORE TIME: THE ROLE OF LEADERSHIP

A company's leaders ultimately control the quality of customer interactions at all of the touchpoints described in Exhibit 5. What is it that leaders actually do that drives high levels of customer loyalty? Our work has uncovered two possible answers to this question. The first answer is based on the empirical research described in *Leadership and Organizational Climate*. We have identified four leadership practices that are critical determinants of high-performing Organizational Climates⁴

1. Demonstrating personal commitment to achieving goals
2. Clarifying who is responsible for what in the organization
3. Encouraging innovation and calculated risk taking
4. Encouraging people to participate in decisions

Although this organizational climate research was conducted without regard to the issue of customer loyalty, it is not hard to imagine how these four leadership practices support customer-centric relationship management practices. If customer loyalty is an explicit goal, leaders must demonstrate their personal commitment and “walk the talk.” If customer-facing personnel and their supervisors are to feel free to solve customer problems without falling back on a corporate bureaucracy, leaders must clarify responsibilities and emphasize innovation and risk taking. And, since relationship managers are in the best position to guide the company in its efforts to be more responsive to customers, companies need leaders who allow these managers to participate in decisions – especially in decisions that affect their customers.

The second answer comes directly from our work as consultants. We have observed that five aspects of leadership have a disproportionate impact on the work environment that motivates high-performing relationship managers. Here is a quiz we ask our clients to take to see if they are truly promoting customer loyalty.

- How much time do you spend actually talking about customers?
- How hard do you listen to what your customers are saying?
- How high are your standards when it comes to customer service?
- How much attention and training do you devote to customer-facing employees/supervisors?
- Do you go all out to recognize and reward good relationship management practices?

⁴ R. Stringer, “*Leadership and Organizational Climate*”, pages 118-134.

There is nothing particularly mysterious or magic about this list of five leadership “to-dos.” But experience tells us that, unless these basic aspects of leadership are clearly exhibited and modeled by a company’s leaders, customer loyalty will suffer. Taken together, these leadership practices describe what it takes to be an effective manager of customer loyalty.

THE PAYOFF FROM IMPROVING CUSTOMER LOYALTY

It may be self-evident that having loyal customers is better than having disloyal or indifferent customers, but exactly how much better is a hotly debated topic. The facts are sobering. Fred Reichheld’s *The Loyalty Effect*⁵ clearly showed that retaining customers is hugely profitable. Customer defections can have more to do with a service company’s profits than scale, market share, unit costs, and other factors generally thought crucial to a company’s success. In fact, a study cited by Reichheld revealed that reducing defections by only 5% can boost profits 25% and 85%. Our own research with a hospital client reached a similar conclusion: The value of each retained patient was \$10,500, while the “value” of a lost patient was -\$14,200. The net value of retention was nearly \$25,000 per patient.

But how much should a hospital pay to retain a patient? Instead of writing a \$10,000 check to each patient who might be thinking of switching hospitals, what if the hospital could create strong, emotionally bonding relationships with patients: relationships that prevented them from shopping around, made them feel emotionally attached to the hospital and motivated them to enthusiastically recommend the hospital to their friends when the need for hospital care arose?

LEADERSHIP, RELATIONSHIP CLIMATE AND PERFORMANCE: Case Study

Several years ago, a *Fortune* 1000 financial services company asked us to improve sales performance with its insurance agent “customers.” We decided to use our emerging portfolio of customer loyalty concepts, surveys and tools. Our initial investigation discovered that, as with most businesses, price was not the real differentiator between the

⁵ F. Reichheld, *The Loyalty Effect* (Boston: Harvard Business School Press, 1996).

company and its competitors. In fact, customer behavior was driven by the strength of the relationship between the buyer and the seller – in this case the insurance agent and the company’s underwriters. While it was important that the company performed well on the basics – the satisfiers such as price, product, and service – these alone were not sufficient to retain and grow business with key agents.

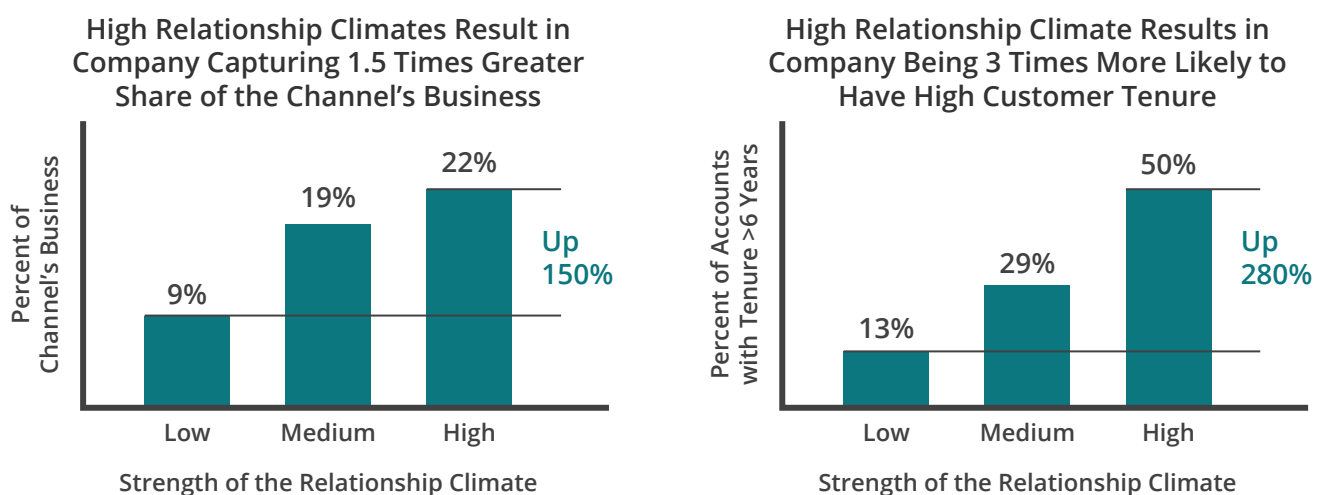
A multi-year study revealed that cultivating a strong Relationship Climate significantly improved premium retention and thus premium growth. The company first measured the Relationship Climates created by each of their underwriters and developed customized action plans to improve the agent relationships that were assessed as being unacceptably low. Teams were trained how to positively impact Climate. This training focused on the day-to-day practices that influenced each of the targeted Relationship Climate dimensions. The leaders of the underwriters – and their leaders – were also trained in the leadership practices necessary to support improved relationship management practices.

During this time, not only did the company’s leaders demonstrate their commitment to improving Relationship Climate by sponsoring all of this training, they became more personally involved in client matters. In addition, rewards and recognition practices at the company shifted to reflect the new emphasis on customer loyalty.

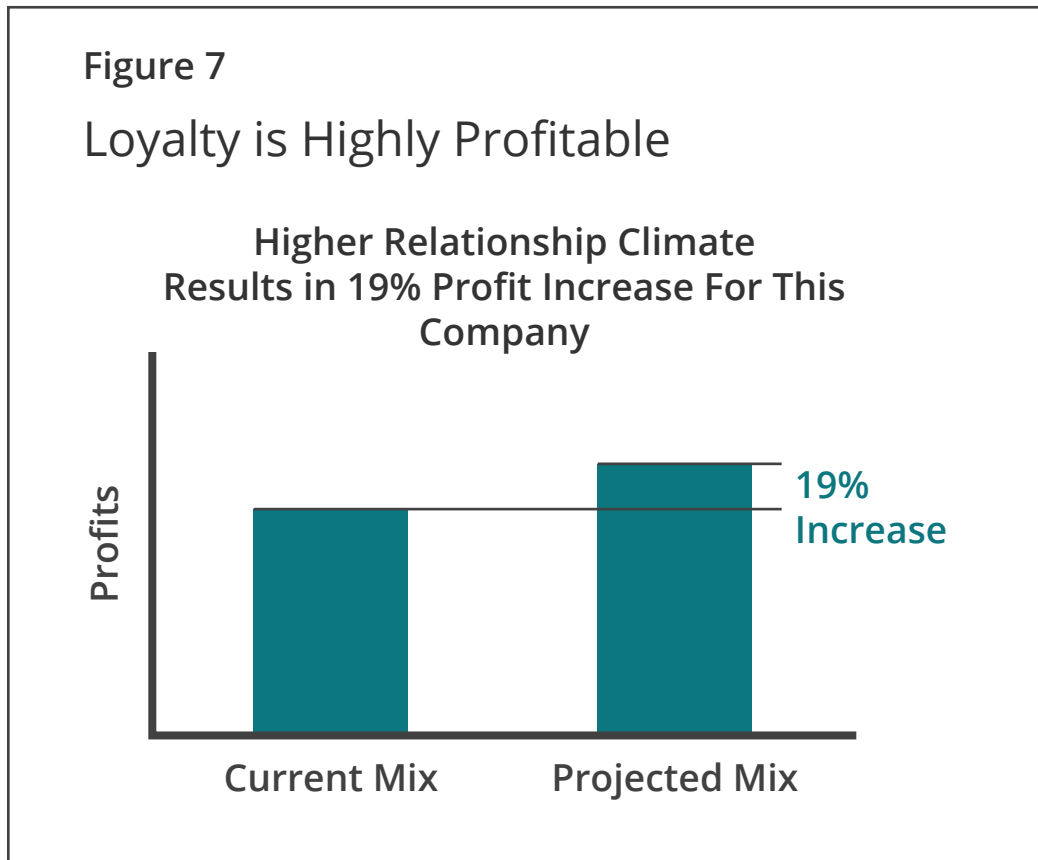
As shown in Figure 6, agents who were more loyal were four times more likely to generate account tenure greater than six years. This meant that the company’s ultimate customers – the insured – stayed longer and spent more.

Figure 6

Stronger Relationship Climate Means More Business



The company's cost of sales was 60% lower with agents who enjoyed a strong relationship with the business because sales efforts were focused on those customers most likely to be receptive to their service offering and business philosophy. For the company, the combined impact of this lower cost of sales and a relatively small change in Relationship Climate was projected to be dramatic, as shown in Figure 7.



By increasing the number of strong emotional relationships a relatively small amount, the company was projected to increase profits by nearly 20% through increased revenue, reduced costs, and improved sales productivity. Its later financial results confirmed that this projection was conservative.

MANAGING CUSTOMER LOYALTY

Building a customer-focused culture is hard work. Because loyalty is so personal, each and every employee who influences the customer experience must be carefully managed, motivated and trained. And all of the managers of these customer reps, sales reps, service

reps, call center reps, and account reps must be managed, motivated and trained as well. In the end, it comes down to leadership. Leaders create the organizational climate that motivates people to pay attention to customers. And to do this, leaders – from the top to the bottom of an organization – must personally demonstrate their commitment to improving customer loyalty. They can do this by proactively engaging in conversations with customers and about customers. They can do this by learning how to listen better to what customers are saying, by setting higher standards and clearer goals for customer-centric activities, by measuring and systematically tracking customer loyalty and by making the tough decisions to support initiatives that improve customer loyalty.

THE BROOKESIDE ADVANTAGE

Most consulting engagements stop at the delivery of findings. Some organizations offer high-touch training classes/coaching sessions to galvanize a team around a customer need. And any good consultant can whip an organization into a frenzy of well-meaning excitement. But few take real, lasting, high-impact change as seriously as we do at Brookside.

At Brookside, we believe that change requires impacting employees in three ways:

1. First, we need to impact their **heads** by giving them information that demonstrates the need for change and the results that will occur when the change has been successfully initiated.
2. Second, we need to impact their **hearts** and convince them that they should want to change. This can only be the result of effective and sustained leadership from the top of the organization and extending down to the line-manager level.
3. Finally, we need to impact their **hands** by giving them the tools they need to successfully make change happen in both the short and long term.

It takes sustained effort to really improve relationships. We offer top-notch workshops, seminars and training on issues like key account planning, sales effectiveness and leadership development. These are essential catalysts for change. However, lasting impact – really “moving the needle” – is a matter of being there for the long haul and providing tools that allow the catalysts for change to become part of the day-to-day life of employees. To meet this need, Brookside has developed the web-based Brookside SalesEquity.comTM system for analyzing customer and employee perceptions of customer service, reporting results,

supplying tactics, tracking progress and disseminating best practices across the organization. This is how we help organizations “move the needle” and make change permanent. From the beginning stages of researching loyalty to developing action plans that are right for you, The Brookside Group can give you ROI starting with our very first engagement. Give us a call.

Note: This white paper was originally published in the 2009 Pfeiffer Annual on leadership development.

BROOKESIDE

Thomas Cates, President
The Brookside Group, Acton **978-266-9876**
tcates@brookside.com

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