

LEADING LOYALTY: CRACKING THE CODE TO CUSTOMER DEVOTION

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In today's hypercompetitive and connected world,

where customers can switch to another provider with the click of a mouse or rethink a purchase decision based on a single online review or encounter with your organization, earning the loyalty of customers has proven to be elusive. Organizations offer lower prices, provide incentives, or construct reward programs, only to find that the benefit of such measures is often muted and/or short-lived. Such measures may change customers' short-term purchase behaviors, but they rarely earn customers' real loyalty and are easily replicated by competitors.

Loyalty is the heartfelt allegiance expressed by customers who are not only satisfied, but are delighted and faithful to your company's products and services. Loyal customers glow when they talk about you. They are advocates, believers, campaigners, sponsors, friends, and promoters of your organization. Not only do they purchase a lot from you, they enthusiastically send other customers your way.

Loyalty is fueled in the customer's heart through positive, emotional interactions. Our research and engagements over the past twenty-five years, combined with the knowledge and expertise of our clients, colleagues, and friends, have shown that real loyalty can only be realized through the synergistic interplay of what we call the Three Core Loyalty Principles—empathy, responsibility, and generosity. These principles are put into practice by first adopting the Loyalty Leader Mindset and then enacting the key behaviors tied to each loyalty principle.



You build customer loyalty when the people in your organization show empathy for customers, take responsibility for helping them reach their real goals, and treat them generously. Earning loyalty is much more than teaching good service techniques or giving everyone a copy of Customer Service for Dummies and ordering the team to smile and say, “Have a nice day.”

Everyone has customers, whether they are outside or inside your organization, and you need their loyalty to be successful. Therefore, your challenge, regardless of where you work, your job title, or whether you have day-to-day customer contact, is to adopt the Loyalty Leader Mindset by modeling, teaching, and reinforcing the three core loyalty principles. These three principles are essential to earning loyalty in any relationship—with your colleagues and customers, and with your friends and family too. If we ignore or violate these principles, we will fail in our efforts to build customer loyalty.

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Leadership is a choice, not a job title, so choose to become a Loyalty Leader and bring the three core loyalty principles to life within your team culture and in more of your interactions with customers by carving out 15 minutes each week to hold a short, targeted loyalty “huddle.” We have designed 11 short team huddles. Lead one a week for 11 weeks and then start over and give every team member the opportunity to lead each huddle. We learn best when we teach. While the content of each huddle is different, the agenda is consistent:

- 1. Celebrate.** Begin the huddle by sharing a story about a person on your team who is living the loyalty principles, and ideally the one your team discussed last week. It is not always what’s measured that improves, it is what’s celebrated!
- 2. Learn.** Teach the next loyalty principle or practice, discuss why it is important and how to apply it through the work your team does each day.
- 3. Commit.** Ask your team to commit to applying the loyalty principle/practice over the next week and then share their experience. What worked? What didn’t?
- 4. Schedule next huddle.** Appoint someone to lead the next one. It’s easy to lead the huddle using the guide at the end of each chapter in the book.

Here is a brief summary of the content in the 11 huddles. These huddles help you teach the three core loyalty principles and loyalty practices to your team. Please note that while we use frontline employees in our examples, the loyalty principles and practices apply to non-customer facing team members too. Given this is a short synopsis of the book, the huddle discussion questions are not provided here.

Huddle #1 - Loyalty Leader Mindset

Leadership is a choice, not a position. Everyone should choose to be a Loyalty Leader—regardless of our role in the organization—and adopt this mindset: I earn the loyalty of others by having empathy for them, taking responsibility for their needs, and being generous. The graphic below shows the three core loyalty principles in the center and the two loyalty practices that go with each principle around the outside. Each of the loyalty principles and practices are covered in the huddles that follow.

Our behavior determines whether others will be loyal or not. Team members answer 10 questions privately to determine how good they are at earning the loyalty of other people and to identify where they can get better.

A focus on increasing loyalty benefits everyone. Loyal people light up when they tell others about us. Earning the loyalty of others makes us happier too.

In Huddle 2, we learn about the first principle for earning the loyalty of other people.



Leadership is a choice, not a position.

Huddle #2 - The Need for Empathy

Empathy is the ability to identify with and understand another's situation or feelings. One of our deepest human needs is to be understood. If we want loyal customers, empathy cannot be one priority among many. It has to be at the top of our list—not just for the frontline customer-service team but for every person in the organization.

Empathy doesn't need to be taught—everyone already has it. That's why we flinch when we see someone getting poked with a needle. But we do need to help our team focus on the mindset and skills that allow us to show empathy for our customers more often.

When someone approaches, we set aside what we're doing, close our laptop, put our phone away, and focus on that person. We listen to them with our eyes, ears, and heart.

Beware of apathy and counterfeit empathy. In the effort to make customers think they care, some organizations set up systems and processes designed to give a feeling of personal service, but these are not rooted in empathy. No one is impressed with scripted responses and phony attempts at empathy, yet we encounter these frequently—from the “we care about you” messages during our 15 minute hold time waiting for the cable company to help us, to the robotic “How are you feeling today?” from a too-busy doctor in the hospital.

To have empathy for another person, we first need to learn their hidden story. We do this using the practices discussed in Huddles 3 and 4.



Huddle #3 - Make A Genuine Human Connection

Showing empathy for someone else starts by making a genuine connection to let him or her know you care and are there to help. The number of demands and requests on our time can quickly become the reason we avoid connecting with others. We're just too busy. But if we adopt the mindset that connection matters, that it is a priority, we then see people in front of us instead of problems. We see human beings, not hassles. Here are five behaviors to utilize:

- Smile and greet others with a warm welcome. Gordon Wilson managed one of the top Apple Stores in the United States and emphasized this rule with his team: "Approach customers with a personalized, warm welcome."
- Observe, then serve. Watch for unexpressed emotions, tone, and a customer's manner to help understand their "story." Allow your empathy and connection to kick in while you match your own behavior to theirs.
- Connect warmly with your eyes. As humans, we connect immediately with someone who gives us a warm look.
- Acknowledge others. Never allow customers to feel invisible—be attentive and treat them as guests, even if they are third in line.



- Be available, but don't hover. "I'll be right over here if you need anything." For phone or virtual support, check in periodically while researching an issue, making sure your customer knows your name, and can contact you directly if they need additional support.

Some organizations try to force human connection through scripts and checklists, streamlining processes in a way that can limit genuine connection. Most team members will comply with expectations, but it's a golden few who will go beyond to actually make a connection that earns loyalty. If we instead focus on the benefit of connecting with customers, model this behavior as we connect with our employees, and trust our employees to make connections naturally, we create a culture that values genuine human connection.

If we adopt the mindset that connection matters, that it is a priority, we then see people in front of us instead of problems. We see human beings, not hassles.

Huddle #4 - Listen to Learn the Hidden Story

Listening to learn comes from a heartfelt desire to truly understand other people. The more we understand, the more we can help them; the more we help them, the more loyal they become. The mindset shift to empathy will naturally drive the behavior of listening to learn, because we want to connect to understand another person’s story. We define “story” as the person’s emotions, knowledge, experience, and point of view—the narrative behind the need.

Counterfeit listening occurs when we pretend to listen, but other things are running through our head. We counterfeit listen when we:

- Are thinking about our response rather than trying to really understand.
- Assume we already know what another person is thinking and, therefore, don’t give our full attention.
- Are nodding and checking our phone screen at the same time or talking and texting simultaneously.



The idea is to learn what is most important or urgent to others. We can use these guidelines in order to listen to learn more effectively:

- Ask simple, friendly, open-ended questions.
- Stay silent until the person has finished talking.

- Listen with your ears, eyes, and heart.
- Don't worry about how to answer (focus on understanding).
- Rephrase what was said and check for understanding.

As a leader, we are expected to solve problems. Our team looks to us for answers. So, it's easy to default into telling rather than listening. But listening is the key to understanding the "story" of our employees and customers so we can have empathy for them - an essential first step to earning their loyalty.

In Huddle 5, we learn about the second principle for earning the loyalty of other people.

As Loyalty Leaders, our own behavior becomes the standard for our team to follow, and when they see us taking responsibility for customer issues, they will find it easier to do so themselves.

Huddle #5 - The Need for Responsibility

Empathy is the principle of understanding people so they feel valued, while responsibility is taking ownership for the actions that follow such an understanding to help them achieve their goals. The opposite of responsibility is indifference. A “shrug”—real or symbolic—conveys indifference and destroys loyalty. Earning loyalty requires us to shift our thinking from “that’s not my job” to “it’s all my job!”

As Loyalty Leaders, our own behavior becomes the standard for our team to follow, and when they see us taking responsibility for customer issues, they will find it easier to do so themselves. Often the more responsibility we give team members, the more loyal they become to us as leaders. They become more engaged in their work and in finding solutions.



As leader of the Ritz Carlton chain, Horst Schulze cracked the code to employee empowerment. He said everyone is responsible for taking care of customers, regardless of their position. If you are a refilling a water glass and overhear a guest complaining about her bath tub drain not working, you own this problem until it is resolved. Apologize to the guest, contact engineering to get the tub fixed, and keep the guest informed. Schulze told employees they had up to \$2000 at their discretion to make things right for a guest. Imagine a busboy being trusted with that kind of responsibility. It builds customer loyalty—and employee loyalty too!

We take responsibility for what should be done for our customers using the practices discussed in Huddles 6 and 7.

Huddle #6 - Discover the Real Job to Be Done

Discovering the real job to be done is the functional application that allows us, as responsible people, to make sure people achieve the solution or outcome they are really seeking.

The counterfeit to discovering the real job to be done is to ask questions to sell or manipulate people, rather than serve them and meet their true need.

It is easy to assume we already know what the customer needs. But shifting our paradigm from one of “having the answer” to “discovering the need” can make all the difference in our ability to earn loyalty. Additionally, we can be pressured to “make the sale” or “wrap up the call.” We have targets to hit and benchmarks to meet. Meeting our customers’ real needs must become our top priority if we want their loyalty. To discover the real job to be done:



- Be curious, but not pushy. Most customers don’t want to be barraged with questions. Try a simple “I’m glad to help you; let me just make sure I understand what you need so that we don’t spend time on the wrong solution.”
- Ask for context. A few simple, open-ended questions like: “What are you hoping to accomplish?” or “What would you like this product or service to do for you?” or even “Why are you interested in this product or service?” will create a dialogue that quickly gets to the customer’s job to be done.

- Lead with the need. Shift your mentality from “I have something to sell you” to “You have a job to do, and this will help you do that job.” Talk about the need before you talk about the product.

Beyond modeling this practice, leaders should create an environment where discovering the real job to be done is celebrated. Enabling your team members to fulfill the real needs of customers allows them to contribute to something beyond just filling orders or answering questions.

Huddle #7 - Follow Up to Strengthen the Relationship

As responsible people, we follow up to learn if the customer need was met, what we could've done better, and to resolve any concerns. “What could we have done to better serve you? My name is Sandy and I'm the manager. It would really help our team if you would share your thoughts with me.” And then, listen to learn. Rather than wait for a survey or a posting on Google or Yelp, gather input as customers are walking out the door, and act on it now.



The opposite of following up is giving up, dropping the ball, walking away, or thinking “out of sight, out of mind.” When checking out of a store, we sometimes hear “Find everything you need?” from an employee whose head is down, isn't making eye contact, and quite frankly doesn't seem to care if we found everything or not. Customers can quickly spot rote and robotic routines like these. No follow-up is better than phony counterfeit follow-up.



Sometimes when we follow up, we learn about problems and this is an excellent opportunity to build customer loyalty. Use the “five A’s,” especially in conflict situations:

- Assume others have good intent.
- Align with the person’s emotions.
- Apologize with your heart and without a hint of defensiveness.
- Ask how you can make things right.
- Assure the person you will follow through, then do it.

As a loyalty leader, you want a team of people who can take responsibility and solve problems by themselves. When you make follow-up phone calls, invite team members to listen in. Ask them to shadow you when you do a quick, in-person follow-up with customers. Let them critique you. When there’s a mishap, let your team members see you using the “five A’s.”

Practice the same follow-up guidelines with team members. Assume that your team members have good intent, even when there’s a problem. Align with their emotions, even if temporarily—make sure they know that you understand their feelings. Above all, follow through on any commitments you make to one another.

In Huddle 8, we learn about the third principle for earning the loyalty of other people.

Huddle #8 - The Need for Generosity

To earn the loyalty of other people, we have to have empathy for them, take responsibility for helping them achieve their real goal, and be generous with them. Generosity is giving from the heart more than is necessary or expected. Generous people are kind, extend themselves to help others, and think of new, creative things they can do. Saving people time and effort is an act of generosity. Helping others makes us happier too.

A scarcity mindset is the opposite of a generous mindset and it often results from management behavior. If the manager makes things like praise, recognition, rewards, training, communication, input, and feedback scarce, then fear and selfishness rule, as team members jockey for what few crumbs are available to them. And, the customer experience is impacted. But if the manager is kind and generous with his or her time, praise, wisdom, and input, the mindset of the team will trend toward generosity.



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Generous leaders give sensitive input, loving feedback, training, encouragement, and little surprises. Generosity doesn't always mean handing out goodies. A bonus might be nice now and then, but what team members really want is to feel that their ideas and their contributions are valued. Generous communication makes team members feel a part of the business and motivates them to help.

We are generous with our customers and colleagues using the practices discussed in Huddles 9 and 10.

Huddle #9 - Share Insights Openly

We generously communicate our thoughts, feelings, knowledge, concerns, and innovative ideas. Sharing our insights to help customers earns their loyalty. The same is true with our coworkers. We earn their loyalty both through sharing information to help them improve, and also from asking for their insights to help us improve. Sharing insights is a vital tool in building employee loyalty, and is often a prerequisite to increasing customer loyalty.

Counterfeit Sharing is sharing without intending to help or make things better. Complaining, confronting, criticizing, or just plain gossiping about other people is not the kind of sharing we think about when trying to build loyalty. Sometimes we don't share because we are too busy or believe others won't listen to us. More often, however, it is because we don't want to offend someone or rock the boat. Perhaps we lack confidence in our ability to share our insights in a way that will build a team member up.



A great insight isn't worth much if we can't share it effectively and get others to act on it. Here are guidelines for sharing insights with colleagues to help them build customer loyalty:

- Recognize what the person is doing well.
- Ask permission to share insights.
- Declare your intent up front.
- Be positive and encouraging.
- Share information that helps people make better choices.

If you model effective teaching and coaching, the team will learn it from you. Make sure they know that coaching based on the core principles and practices of loyalty is not criticism—it's about sharing insights to help everyone build customer loyalty.

Huddle #10 - Surprise with Unexpected Extras

In building loyalty, there are few spotlights as bright as the unexpected extras that make customers smile, glow, and rave about us. Similarly, there are few things that engage and excite team members as much as when they feel the delight of a customer. Surprise with unexpected extras by constantly experimenting with new and creative ways to show people you care.

Giving something that customers already expect, like a fortune cookie at the end of a Chinese dinner, is a counterfeit “extra.” It takes extra effort to think about ways to delight customers and put them into practice. But the added energy needed to do little things to let people know you value them is more likely to energize you than wear you down.

Some organizations have policies that prevent employees from being generous. Requiring employees to enforce ungenerous policies is a surefire way to undermine the loyalty of both customers and employees. If your work to increase customer loyalty is encumbered by ungenerous policies, take responsibility for bringing this to the attention of your senior leadership and help them to find a better way.



To motivate and empower employees to improve the customer’s experience, ask for their ideas! “What could we do for customers that we have never done before to make their experience better? How could we exceed customer expectations and show customers how much we really care about them? How could we make things easier for our customers?”

Vote on the ideas and run thoughtful experiments. Organizations that build loyalty constantly experiment with new ways to show customers how much they are valued and appreciated. Trust and empower your team members to decide when to give a customer an “unexpected extra.” Consider providing your people with resources they can use at their discretion, as they work to build customer loyalty.

Now that we have covered the three core loyalty principles and practices for building loyalty, in Huddle 11 team members think about what legacy they want to leave.

Huddle #11 - Your Loyalty Legacy

How do you want to be remembered by others...at the end of each day...or after you leave your current position? There are three kinds of legacies you can leave behind:

- A legacy of disloyalty. This results from indifference to the needs of others, shrugging them off, or, even worse, dealing with them dishonestly. But it can also result from poorly chosen priorities: failing to emphasize loyalty, spending too much effort elsewhere, or mindlessly sticking to the rules at the expense of doing the right thing for another person.
- A counterfeit legacy. This looks like empathy, but it's a façade. It looks like responsibility, but it's lip service instead of real service. It looks like generosity, but it's actually self-serving.
- A legacy of loyalty. This results from a predominant focus on the emotional intelligence of the heart, by adopting a Loyalty Leader Mindset and practicing the loyalty principles.

No matter where you are in your journey, you can be a Loyalty Leader. Plant the seeds of your loyalty legacy by modeling, teaching, and reinforcing the loyalty principles. Schedule a loyalty huddle each week to celebrate team members who are bringing the loyalty principles to life, to discuss the nuances and challenges in applying each one, and to commit to using the loyalty principles to increase customer and employee loyalty.

We wish you great success in your personal journey toward leaving a loyalty legacy. 🙏



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