

LEADING

CRACKING THE CODE TO CUSTOMER DEVOTION

LOYALTY

SANDY
ROGERS

LEENA
RINNE

SHAWN
MOON



HARPERCOLLINS
LEADERSHIP

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FOREWORD

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, earning the true loyalty of customers has proven to be elusive for most organizations. In pursuit of even small gains in customer loyalty, 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.

Over the last thirty years, FranklinCovey has worked with thousands of organizations around the world to help them adopt the behaviors that can earn the genuine loyalty of their customers. FranklinCovey has also conducted research deep inside more than 1,700 organizations, conducting hundreds of matched-pair comparisons. From this front-row, real-time vantage point, we have identified three key differentiators that set loyalty-leading organizations apart from their lesser-performing counterparts. These key differentiators are:

First, loyalty leaders set the bar for what they consider a "loyal customer" much higher. Adolph Rupp, the renowned coach of the University of Kentucky men's basketball team, once observed, "Whenever you see a man on top of a mountain, you can be sure he didn't fall there." The same can be said of loyalty-leading organizations. They start by defining success not just based on satisfaction, but much more—on achieving true loyalty. Research shows that many of the organizations proudly advertising "95 percent customer satisfaction" actually have only a small percentage of customers who are truly loyal.

These organizations could more accurately state that 95 percent of their customers are *not dissatisfied*. This is an important distinction. Playing not to disappoint your customers is very different from playing to delight your customers and win their loyalty. Real loyalty is the deep, heartfelt allegiance expressed through customers who are

not only satisfied, but are delighted and faithful to a company's products and services. They return time and again, expand the breadth of products or services they buy from you, refer others to you, and your relationship with them can withstand the occasional misstep or miscommunication.

Our research shows that these intensely loyal customers are the most profitable and durable portion of a successful organization's revenue. They form the strategic foundation on which any great organization is built. Loyalty-leading organizations focus on earning their customers' loyalty. This differentiates them from organizations whose focus is primarily on avoiding customer dissatisfaction.

Second, loyalty leaders recognize that the highest levels of customer loyalty are created when there is a strong human connection (whether live, remote, or digital) with their customers. We each have family members, friends, or organizations in our lives to whom we are fiercely loyal. This emotion typically comes as the natural, virtuous result of the way in which we are treated by those people or organizations. Loyalty leaders demonstrate empathy for others, take responsibility for meeting the needs of others, and act generously toward them.

Finally, loyalty leaders are much better at adopting the behaviors that most delight their customers. Our research found that every organization has pockets of great performance—divisions, regions, districts, departments, shifts, or individual leaders—that consistently create loyal customers. These pockets of great performance exist even in poorly performing companies. Conversely, no organization is perfect, and examples of variation between exceptional service and mediocre or even poor service abound. What really differentiates the loyalty leaders from their lesser-performing counterparts isn't that one organization has variability and the other doesn't; rather, it is the extent of that variability. Loyalty leaders' operations are significantly more consistent in implementing the behaviors that generate loyalty. This is because they have come to understand both the principles and practices that drive loyalty, and they authentically model them throughout their organization.

Leading Loyalty provides a blueprint for integrating these three differentiators into your organization's culture. This book will challenge you to become a true loyalty leader—with your team, in your organization, and in your personal life. It recognizes that, in order for this to occur, the principles and behaviors that generate loyalty must be practiced at the individual level.

You'll find that this book was written for two audiences. First, for everyone who interfaces with customers, both inside and outside an organization. You might work in a call center; a store or branch; or in the finance, sales, marketing, manufacturing, or IT department. Wherever you work, you have customers, and your actions impact the loyalty of your customers. And regardless of your industry—from healthcare to government, from nonprofit to the private sector—the loyalty of your customers defines your success.

Second, this book is for leaders. As a leader, your ability to craft a culture that consistently creates loyal customers begins with an understanding of the necessary behaviors and practices, and then ensures that your teams voluntarily and systematically take responsibility for implementing them with high fidelity. To this end, you'll find eleven powerful team “huddles”—quick meetings with a specific purpose—that introduce and refine the skills and tools you can use to inspire loyalty. These eleven huddles are a repeatable, proven formula for engendering the loyalty of your various customers, both personal and professional.

Through reading and applying the principles taught in this book, you will increase your ability to generate loyalty among those with whom you come in contact and, from there, create an organization that systematically creates loyalty among your customers.

AUTHORS' NOTE

Much has been written on the importance of earning and sustaining loyalty. So, why *this* book? How is *Leading Loyalty* different? To us, the distinction is clear: While the benefits of customer loyalty are generally well understood, this book will illustrate the process and tools to earn true loyalty—the kind of loyalty fueled in the heart through positive, emotional interactions with others.

In a general sense, loyalty can increase from a variety of positive customer interactions. But 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. These principles are put into practice by first adopting the Loyalty Leader Mindset and then enacting the key behaviors tied to each loyalty principle:

Loyalty Leader Mindset

- *I earn the loyalty of others by having empathy for them, taking responsibility for their needs, and being generous.*

Loyalty Principle 1: Empathy

To show empathy, we need to practice these key behaviors:

- Make a genuine human connection with people.
- Listen to learn their hidden story.

Loyalty Principle 2: Responsibility

To take responsibility, we need to practice these key behaviors:

- Discover the real job to be done (others' goals).
- Follow up to strengthen the relationship.

Loyalty Principle 3: Generosity

To be generous with other people, we need to practice these key behaviors:

- Share insights openly to help others win.
- Surprise them with unexpected extras.

Regardless of where you work, you have customers, and the loyalty of your customers defines your success. If you're a leader looking to earn loyalty more consistently throughout your organization, we invite you to draw from the various customer examples and then connect the principles and practices to your team, peers, direct reports, or other stakeholders. To facilitate this, each chapter offers tips to help leaders embrace the Three Core Loyalty Principles within their sphere of influence and responsibility.

In the pages that follow, you can expect answers to these critical questions:

- Why does loyalty really matter?
- Who is most responsible for creating loyalty?
- How can you systematically create loyalty with your employees and customers?
- How can you implement and sustain loyalty in your organization?

Whether you manage other people or not, you can embrace the Loyalty Leader Mindset and find that customers and coworkers will not only like you, but *love* you as a result. We use this word *love* intentionally to indicate their intense feeling of loyalty. This gets to the heart of what it means to have others who are loyal to you. It is our sincere desire that, as you put this book into practice, you'll come to experience the joy of having others who are *truly* loyal to you.



THE FOUNDATION FOR LEADING LOYALTY

INTRODUCTION

REAL LOYALTY IS POWERED BY PEOPLE

In a suburb of a metropolitan city, two big warehouse stores sit next to each other on the same side of a main thoroughfare. They both sell the same stuff: groceries, clothes, books, electronics, drugs, toys, even furniture. The stores are about the same size, the parking areas identical—same location, same footprint, same sorts of products—yet one store flourishes while the other struggles to stay alive. What’s going on here?

When asked why their store is virtually deserted, the managers of Store 2 have all kinds of answers. “It’s Amazon. It’s online retailers. They’re driving brick-and-mortar stores like ours out of business. Malls are closing everywhere; you can’t find good workers; millennials have no work ethic. The higher-ups rely on discounts too much. They don’t advertise enough. . . .”

Yet, right next door, Store 1 is buzzing and booming with business. What’s the difference? Let’s walk inside the two stores and see for ourselves.

Store 2 is quiet. A single cashier lounges against her counter, wearing earphones and looking bored. A couple of customers are picking through things, squinting at tiny labels. You notice one customer who wants to return a purchase walking up to a big desk with a sign that reads “Customer Service.” She stands there for a while, shifting her weight, looking around, wondering if anyone will notice her. She clears her throat loudly. Eventually, the woman calls out, “Is anyone here?”

A tired-looking man slouches out of a back room. “Can I help you?” he asks in a voice so despondent he could be in mourning.

Now let’s pay a visit to Store 1. Eager, intent customers are pouring inside. A greeter smiles at people as they enter and occasionally stops to answer a question or give directions. Inside, it looks like a warehouse, but large-print signs show the prices of everything. There’s a big difference in the employees. All are wearing blue vests, and they

move with a spring in their step, smiling as they go. These energetic employees are running errands for customers, directing customers, and even joking with them. We notice a man hesitating over the flower bouquets on sale, and a blue-vested guy stops and says: "I just brought in some fresh new ones. They're right back here." He leads the delighted customer to the next aisle.

Elsewhere, more mature women and men are pleasantly handing out free samples of smoked ham or Spanish cheese or tater tots with truffle oil as people crowd around them. At the customer service desk, a customer is apologetically returning a purchase. The bright, perky person behind the desk takes it, asks no questions, doesn't require a receipt, and thanks her for bringing it back, with a genuine wish for a good day.

Store 1 is a Costco store—a company that *Barron's* reports has "generated fierce loyalty among both shoppers and staff while rewarding long-term investors." In retail, the chance of keeping an employee for more than a year is about 45 percent. At Costco, however, it's 94 percent. And 91 percent of Costco customers renew their membership every year, making Costco "the world's customer-retention record holder."²

A client of ours mentioned that he and his wife go to Costco every Saturday.

"Why?" we asked.

"Because that's where I see all my friends." It has become a gathering place for him and his neighbors. That is a picture of real loyalty.

How does Costco, in an industry with notoriously unhappy workers, keep its employees so loyal and happy? How has it created a loyalty culture that seems to permeate nearly every employee and customer interaction? The answer is simple: Costco enjoys loyalty because it has embraced the Loyalty Leader Mindset and put the Three Core Loyalty Principles into practice.

For example, Costco took a clear stand on how it would treat its employees with empathy, responsibility, and generosity when it decided to pay more than twice the salary of average retailers and provide benefits, too. When Wall Street worried that Costco's "over-generous" treatment of employees might cut into shareholder returns, founder Jim Sinegal replied, "We want to . . . take care of our customers, take care of our people, and respect our suppliers. And we think if we do those things pretty much in that order, that we're going to reward shareholders."³ And they did. If you had invested \$1,000 in Costco when it went public in 1985, that investment would be worth around \$100,000 by 2018.

How was Costco able to grow 40 percent per year during the same years that online shopping exploded? Why is Costco, which is subject to all the same pressures Store 2 is struggling with, thriving? Costco has intentionally built a comprehensive system that engenders loyalty among its employees and customers. Similar things could be said about many other loyalty winners in hundreds of organizations—retailers, restaurants, realtors, car-rental companies, business service providers, schools, hospitals—whose customers and employees would have emotional breakdowns if the organization closed its doors. The Three Core Loyalty Principles for earning loyalty are the same everywhere. We see them at work in every organization that earns the most committed customers, and the most engaged employees.

Author and researcher Seth Godin makes a useful distinction between two kinds of loyalty. The first kind of loyalty is the loyalty of convenience. “I’m going to look around, sure, but probably won’t switch. Switching is risky; it’s time-consuming. Switching means I might make a mistake or lose my [frequent flyer] miles or have to defend a new decision.” Convenience loyalty results simply from habit: We can take the same bus every day and still hate the bus company. One executive with whom we work likes to say, “Inertia is not loyalty!”

Godin describes the second kind of loyalty—what we recognize as true loyalty—as, “I’m not looking, and I’m not even interested in looking.” This is the loyalty of someone who doesn’t want to know there’s a better deal somewhere else. This type of loyalty is more anchored in emotional commitment than inertia. Doesn’t that describe how we feel about our favorite brand or business? Discounts and reward programs are easy to offer, and while they may bring repeat business, they alone will not create the kind of emotionally intense allegiance that is a hallmark of real loyalty.

Suppose you are dining in a restaurant and find a hair in your soup. Depending on your loyalty to that restaurant, you would likely react differently, wouldn’t you?

If you’d never been there before, or you just go there out of convenience, you might complain and ask for a new bowl of soup. Or just get up and walk out.

If you’ve had an unpleasant history with that restaurant, you might react with anger. “This is disgusting! I will never eat here again, and others are going to hear about this.” You might take a picture of the hairy soup, post it on social media, and do your best to make sure everyone you know sees it.

But suppose you're a regular at this restaurant. They know what you like, often going out of their way to please you in unexpected ways. You've told many others what a great place this is. You bring your family and friends here. They've never let you down before. Now you find a hair in the soup. How do you react? You might point it out kindly and quietly to the server, who apologizes profusely and brings you a new bowl of soup. You might tell yourself it's a once-in-a-million mistake and shrug it off. You might just ignore and forgive it; you love this place and, after all, everyone makes mistakes occasionally.

So, what drives your reaction in each of these situations? In the first case, it's indifference; in the second case, suspicion and disgust. But in the third case, it's loyalty.

Emotionally intense feelings often come through our interactions with people. We feel it when we engage with them. They welcome us, smile at us, and speak kindly and respectfully to us. They go out of their way to greet us and make things easy for us. They are so nice, so accommodating, that we start to wonder, *Who are these people? Where do they find people like this?*

Why do we love them? Often because *they love us!*

We also feel it when they *don't* love us—when they're indifferent; when at best they give us a tight smile and a “Have a good day,” or when at worst they ignore us, mess up our order, quote policy to us, or find some excuse not to serve us. Most annoying are times when people refuse to take responsibility for our poor experience.

When American Express studied 1,620 customers under laboratory conditions, 63 percent said “they felt their heart rate increase when they thought about receiving great customer service.” These thoughts “triggered the same cerebral reactions as feeling *loved*. The takeaway? When it comes to customer service, it's not about what customers think. Great service is about *feelings*.”⁴

As customers, we are so love-starved that we are simply amazed, even shocked, when we encounter a genuine, caring voice on the helpline or a kind face across the service desk. The pulse quickens. We're flooded with warmth. We are so accustomed to apathetic faces and impersonal, formula-spouting voices that we can be truly overwhelmed by the opposite.

In a study commissioned by Oracle, when asked what makes a memorable experience that causes consumers to stick with a brand, 73 percent of the people interviewed said, “Friendly employees or

customer-service representatives.” When reflecting on our own personal customer-service experiences—when we’ve been exceptionally happy or overwhelmingly frustrated—we tend to think about the people involved in the interaction. Of course, the products and services, policies and procedures, computer systems, billing, and price structure can anger or delight us, too, but it is most often the people who shape how we feel about an organization. This book focuses on the intense positive emotion that can be created through our personal engagement with other people.

Is your behavior earning your customers’ loyalty? How about the behavior of the people on your team?

Fred Reichheld, Bain Fellow and founder of Bain & Company’s Loyalty practice, has made a strong case for loyalty and its powerful impact on growth and bottom-line results. Our contribution to this topic comes by examining *the specific underlying principles that drive loyalty*, enabling the reader to crack the code to customer devotion. These principles are both timeless and universal.

Throughout this book, we’ll outline how the Loyalty Leader Mindset (Part One) is expressed through the synergistic interplay of the Three Core Loyalty Principles (Parts Two, Three, and Four). This interaction provides the spark to ignite loyalty between you, your coworkers, and customers. But to fully appreciate the Three Core Loyalty Principles, you must adopt the mindset that allows them to flourish in the first place.



CHAPTER 1

LOYALTY LEADER MINDSET

“IT’S NOT ENOUGH FOR YOUR CUSTOMERS
TO LIKE YOU—THEY HAVE TO LOVE YOU.”

—CATHERINE NELSON, EXECUTIVE LEADERSHIP CONSULTANT

The paradigm we choose greatly influences how we see and react to the world around us. The Loyalty Leader Mindset can be expressed as:

**I earn the loyalty of others by having empathy for them,
taking responsibility for their needs, and being generous.**

Our mindset relative to loyalty is profoundly influenced by our understanding of the answers to these questions:

- Do you believe loyalty is essential to your success?
- Who do you feel is most responsible for creating loyalty?
- How can you earn loyalty from your customers and colleagues?

WHY DOES LOYALTY MATTER?

Our team at FranklinCovey joined with the Coca-Cola Retailing Research Councils to do a major study¹ asking this question: Why do seemingly similar retail stores produce such different results?

We collected data from a cross-section of more than 300,000 employees in 5,000 work teams from 1,100 chain stores. We took the competitive environment of each store into account. We combined this data with customer- and employee-loyalty data and financial data, looking to identify the “great performers” among these stores.

What did we find? We found great performers, all right. Just not very many of them. It was like looking out over a campground at night. It's pitch dark, but here and there a campfire dots the landscape. Our findings were like that. We did see bright patches—stores that stood out from the rest in terms of revenues, profitability, and customer and employee loyalty—but they were few and far between. We called these “campfire” stores. Something was burning there that we didn't find in the average stores.

And we found something else: *The customers of those campfire stores were incredibly loyal.*

Stores with high customer-loyalty scores—both in general and especially relative to their toughest competitors—are rewarded handsomely. In fact, if the average stores in a chain could raise their loyalty scores just a quarter of the way toward those of the campfire stores, overall profitability would rise a stunning 20 to 30 percent!

So, do campfire stores just happen? Does lightning unexpectedly hit in those stores? No, of course not. We found that the top-performing campfire stores earn a lot more loyalty because they deliberately focus on earning loyalty—not by chance, but by choice. We'll explain how they do that throughout the rest of this book. But you can be sure they start with clarity about exactly what a great customer experience looks and feels like.

Because here's the irony: In a Bain survey of 362 top executives, 85 percent believed their companies delivered “a superior customer experience.” The really astonishing part? Only 8 percent of their customers agreed with them.²

Are corporate executives really that out of touch? Maybe, but perhaps they don't define “superior customer experience” the way their customers do. The execs are probably looking at satisfaction metrics, which are more about “lack of dissatisfaction” than about experiences that earn true loyalty.

Of course, all good managers work to satisfy customers, and many do this pretty well. But at the same time, they frequently make a bad assumption—they figure that if customers aren't dissatisfied, they must be getting a “superior experience”; they must be happy, loyal fans. But just because your kid doesn't get Ds and Fs doesn't mean he or she is a great student. Likewise, there's a big difference between not disappointing customers and earning their loyalty.

For example, one hotel company was always saying they got “94 percent guest satisfaction,” but when they started to measure

true loyalty, they found that 94 percent guest satisfaction really meant “94 percent non-dissatisfaction.” Only 18 percent of their customers were truly loyal. This hotel chain was claiming victory on the customer-service front, while a few competitor hotels that were deliberately focused on creating real loyalty were eating their lunch.

Even your regular customers are not necessarily loyal. The relationship between regular customers and profitability is weaker than most of us believe, according to a four-year Harvard research study involving 16,000 people: “About half of those customers who made regular purchases for at least two years—and were therefore designated as ‘loyal’—barely generated a profit.”³

However, customers with the *attitude* of loyalty are incredibly profitable. “Customers who scored high on both actual and attitudinal measures of loyalty generated 120 percent more profit than those whose loyalty was observed through transactions alone.”⁴ This is not just a business-to-consumer phenomena; it’s true in the business-to-business world as well.

Patrons with deep loyalty glow when they talk about you. And they are not just your customers—they’re advocates, believers, activists, campaigners, sponsors, friends, and fans. One of our associates told us, “When Costco announced they were opening a store in my town, I literally cried with joy.” *That* is the attitude we’re talking about. When these people go out to dinner with friends and loved ones, they excitedly tell stories about their experiences with organizations they love.

As Bain & Company’s Fred Reichheld wrote, “Loyal customers come back more often, buy more products, refer their friends, provide valuable feedback, cost less to serve, and are less price-sensitive.” Think of the impact to your work and your organization if more of your customers behaved in these ways. But just how much does loyalty matter to the bottom line? Reichheld calls truly loyal customers “promoters”—they not only purchase a lot from you, but they enthusiastically send other customers your way, too. By contrast, he calls habitual customers “passives” and your least loyal customers “detractors.” In his detailed research, Reichheld found that promoters are about four times more profitable to your bottom line. So if we’re discussing your profits, then, yes, loyalty really matters. And earning loyalty starts by adopting the Loyalty Leader Mindset and living the Three Core Loyalty Principles.

WHO IS MOST RESPONSIBLE FOR CREATING LOYALTY?

The CEO, right? Well, certainly he or she plays an important role. Don Ross, vice chairman of the company that owns the Enterprise, National, and Alamo car-rental brands, says the “CEO should set the example, create the environment for loyalty, and extend trust to all leaders of customer-facing staff.” A commitment to promoting people whose love for customers is contagious has certainly served Enterprise Rent-A-Car well. And love for customers is expressed not only through personal interactions, but also through the creation of policies, processes, and technology that make it easy for customers to do business with the organization. The CEO plants the fertile field that nourishes these activities and outcomes for customers.

But the CEO is not the primary driver of the loyalty we are talking about in this book. It’s all of us—the people who serve customers inside and outside the organization every day. A major study by the Corporate Executive Board concludes that “the brilliant battle plans created by the generals at company headquarters will either succeed or fail based on the actions of hundreds or even thousands of foot soldiers.”⁵

Bain and Gallup have found that, in most organizations, the further you move down the hierarchy from the CEO to the front line, the lower the employee engagement and loyalty to the organization. And people who are customer-facing—the very ones who have the biggest impact on the customer experience—are *usually the lowest-paid, least-trained, and least-engaged employees*.

Turnover among these employees is more than 150 percent per year in some organizations. Needless to say, with one foot out the door, a frontline employee may not be riveted on building long-term customer relationships. As our friend Shep Hyken frequently says, “The customer experience rarely exceeds the employee experience.”

Over the years, Fred Reichheld’s work has shown that companies with a lot of “promoter” customers have their “promoter” employees to thank for it.⁶ Like promoter customers, promoter employees love you, talk you up, and recommend you to their friends. They stay with you and serve your customers with zeal and energy. They are by far the most important factor in gaining customer loyalty. Many experts recommend that “one focus of your company’s marketing strategy should be developing brand ambassadors and making sure

they are involved in social conversations. . . . Most of the time when you think of a brand ambassador, you probably think of someone with huge influence or name recognition, like a celebrity, who is paid for their efforts to promote a brand. While influencer marketing like this is still popular, brand ambassadors can also be customers and, just as importantly, employees.”⁷ While there are many complex variables that produce your bottom-line profits, there’s no question that your customer-facing employees play a critically important role.

In our work at FranklinCovey, we found that truly loyal customers are rarely found in places without strongly committed employees, and the behavior of employees directly serving customers is often the deciding factor in whether customers are loyal. Again and again, customers of the great-performing chain locations we studied talked about helpful and friendly employees. They also mentioned things that were the result of frontline employees who care—cleanliness, no waiting, items on the shelf.

There’s a difference, however, between being “happy” with your job and having a Loyalty Leader Mindset. We asked the employees in thousands of stores about their job satisfaction, and correlated the results with their store customer-loyalty scores. To our surprise, we initially found little connection. In fact, some of the stores where the employees were happiest were actually floundering when it came to customer loyalty.

Then our partner Dick Rennecamp suggested we add a question to the next employee survey to learn whether the employees in each store *knew* their customer-loyalty score. Dick’s hypothesis was that if employees don’t know their customer-loyalty score, they’re probably not very engaged in improving it. As anyone can observe on a basketball court in a city park, people play harder when they’re keeping score.

Dick’s theory proved correct. In the 41 percent of the 3,500 stores where the team members knew their customer-loyalty score, there was a direct correlation between the store’s employee-loyalty score and their customer-loyalty score. But in the 59 percent of stores where the team did not know the customer-loyalty score, there was no relationship. We learned that employees must not only love their job, but be engaged in making customers happy, too. Employees may love their job because they like the benefits and can chitchat with friends all day, but that doesn’t bode well for the customer experience.

So, whose job is it to inspire employees to do a great job for customers? You may say, “The manager, of course.” No question, the team leader is the linchpin—the leverage point—in building team culture and inspiring everyone to do their best for customers. But what if you don’t have an inspiring team leader? Can you make a real difference in your team’s ability to earn customer loyalty? The answer is most definitely *yes*. And not just in your own engagement with customers, but also, and perhaps even more important, in your interactions with your fellow team members.

“Leadership is a choice, not a position,” the cofounder of our company, Stephen R. Covey, was fond of saying. The company can give you a title, but that doesn’t make you a leader. As one of our clients once said: “You are not the leader you think you are. You’re the leader your people think you are.”

Anyone can adopt a Loyalty Leader Mindset. You don’t need a formal title. You can be the most experienced executive in the company or the cashier who was just hired yesterday. It doesn’t matter. A loyalty leader earns loyalty from others by living the principles that acknowledge their worth and limitless potential. An assistant to an assistant hairdresser in a barbershop can be true to the Loyalty Leader Mindset if he is trustworthy, responsible, and generous in dealing with customers. Likewise, the CEO can be a loyalty leader if she practices empathy and takes ownership of customers’ issues. After his son Bill became CEO of Marriott, J. Willard Marriott, the founder and chairman, spent his time personally responding to customers who had a disappointing experience at a Marriott Hotel. He was a loyalty leader.

But in all cases, leaders have to *choose* to adopt this mindset. In fact, too many formally designated leaders operate through an ineffective or even harmful paradigm. You may have heard that “people don’t quit companies; they quit their manager.” The research bears this out. According to Gallup, “Managers account for at least 70 percent of variance in employee-engagement scores across business units. This variation is in turn responsible for severely low worldwide employee engagement.”⁸

If you are a manager, how are you doing as a loyalty leader? Using a 0 to 10 scale (10 indicates “extremely likely”), how likely would your employees be to recommend you? Using the same scale, how likely would your customers be to recommend you? Would more than 60 percent give you a score of 9 or 10? More than 80 percent?

Ultimately, your financial results and your performance reviews will depend on the answer to this question: Are you a leader who earns loyalty from your employees and customers?

To change the behavior, engagement, and loyalty of employees, the leader's mindset and resulting behaviors need to change. Many managers get their jobs because they're technically skilled, but they may not have learned how to model, teach, and reinforce the behaviors needed to earn the loyalty of others. Employee loyalty comes from genuinely caring about their thoughts and ideas, sincerely wanting to understand their goals, then helping employees achieve them. It comes from a willingness to appreciate employees' contributions.

Just as true loyalty comes from feelings deep inside you, the power to inspire loyalty comes from deep inside as well. *It's fundamentally a question of the kind of person you choose to be.*

You'll find that winning the heart of every customer and colleague begins with you. At FranklinCovey, we teach that "as long as you think the problem is out there, that very thought is the problem." Too often we blame the team or the strategic hand we're dealt or the higher-ups or the weather for problems that actually have their origins in *ourselves*. Remember the store with the empty parking lot next to Costco? That is exactly what those store employees were telling themselves: The problem was out there, *not in here*.

The damaging paradigm that earning loyalty requires others to change is self-defeating. But once you shift to a mindset that loyalty requires *you* to change *first*—well, it's liberating. It's in your control. You have the exciting challenge of becoming a person who inspires loyalty. You have it in your power to build a team of loyal employees, no matter what kind of leaders you have or what kind of fate the company's recruiters have dealt you.

You might already be that 1-in-10 leader who naturally inspires the loyalty of other people, but most of us are not. It doesn't mean we're bad people—it just means we haven't necessarily focused on the principles that drive loyalty. We might be very talented operationally. We might be strategic, organized, disciplined, and highly productive. But unless we live by the principles that kindle loyalty in the hearts of others, we are unlikely to enrich the lives of our customers and employees, or our own life for that matter.

Here are ten questions to help you gauge how effective you are at earning the loyalty of other people:

LOYALTY SELF-CHECK	
Rate yourself on a scale of 1 to 5 . A 5 means "That's me exactly." A 1 means "That's not me at all." Nobody will ever see your answers, so be honest with yourself.	
1. I'm very sensitive to what other people feel.	1 2 3 4 5
2. I connect quickly and easily with other people.	1 2 3 4 5
3. I'm a good listener, very interested in what other people have to say.	1 2 3 4 5
4. I take my responsibilities very seriously and do my best to carry them out.	1 2 3 4 5
5. I work at solving problems without avoiding them or giving up.	1 2 3 4 5
6. I work hard at building relationships with customers and coworkers.	1 2 3 4 5
7. I am generous with others, freely giving my time and talents to help them.	1 2 3 4 5
8. I openly share my thoughts and ideas in the spirit of being helpful.	1 2 3 4 5
9. I often do something a little extra for people to show them I care.	1 2 3 4 5
10. I would recommend anyone to do business with my team.	1 2 3 4 5
TOTAL	



LOYALTY SELF-CHECK KEY

When you finish, add your scores and see how you did on the scoring key below.

40-50

You are doing a good job of creating loyalty, but you could always do better.

30-39

You probably have an uneven record of creating loyalty in others.

20-29

You have a lot of people who don't care one way or the other about doing business with you.

10-19

You are probably losing customers and employees at an unhealthy rate.

HOW CAN YOU EARN THE LOYALTY OF YOUR COLLEAGUES AND CUSTOMERS?

Principles rule the world. Gravity is a principle that works on us whether we like it or not. Even if we choose not to believe in it and jump off a building, we'll still fall. In the same way, principles apply to everybody, regardless of our background, our life experience, or our beliefs. Principles also rule our relationships with people. If we ignore or violate those principles, we will fail. The Three Core Loyalty Principles for earning loyalty in any relationship are:

- Empathy
- Responsibility
- Generosity



MODEL . TEACH . REINFORCE

True loyalty is the natural consequence of principled behavior. Principled behavior awakens loyalty much more effectively than reward points or promotions. Through our research, we've found that customers and employees are loyal to organizations and people who show empathy for them, take responsibility for their work, and act generously. These are not just techniques—they are behaviors that can be learned and adopted by anyone in your organization. In the chapters that follow, we'll drill down into each of the Three Core Loyalty Principles and the practices that go with each one. Here's a preview:

LOYALTY PRINCIPLE 1: EMPATHY

We earn the loyalty of our customers and coworkers when we have empathy for them—the power not only to hear what they are saying, but also to feel what they feel. We shift our thinking from apathy to empathy. To show empathy, we need to do these two things:

Make a Genuine Human Connection. We earn loyalty when we connect with people in a warm, human, positive way. *Authentic* connections can transform a group of disengaged workers into a truly customer-centric team.

Listen to Learn the Hidden Story. Listening to understand is the key to empathy. We earn loyalty from our customers and colleagues when listening to truly learn each other's needs, concerns, and stories. We treat people differently when we know their stories, often hidden from view until others feel comfortable enough to share them with us.

LOYALTY PRINCIPLE 2: RESPONSIBILITY

We earn loyalty when we take ownership for what should be done. We don't simply give people what they ask for; instead, we *own* the goals and outcome for our customers and colleagues. We actively teach others how to take responsibility themselves. To take responsibility, we need to do these two things:

Discover the Real Job to Be Done. What people ask for may not be what they really need. A customer in a hardware store asks to buy a wrench. Unless we find out what job they want the wrench to do, we don't know which wrench they need or if they need a wrench at all. To serve a customer or coworker responsibly, we need to ask thoughtful questions so we know what job they need us to do for them.

Follow Up to Strengthen the Relationship. We make the relationship stronger by following up. It shows we care about the customer's or coworker's experience and want to learn from it to improve. Uncovering problems is an especially opportune time to demonstrate our commitment to making things right and exceeding expectations.

LOYALTY PRINCIPLE 3: GENEROSITY

We earn loyalty when we are generous with others. By giving from our heart and giving more than is necessary or expected, we

transform customers and coworkers into *advocates*. We delight in finding ways to make other people's lives easier and better. To be generous with other people, we need to do these two things:

Share Insights Openly. We share ideas and information that help others learn and improve. When motivated by a spirit of genuine generosity, feedback is seen as a gift. Sharing our knowledge to help customers fix a problem can engender intense feelings of loyalty.

Surprise with Unexpected Extras. We constantly experiment with new and creative ways to show people we care about them. We give “extras” that cost little—sending personal messages, remembering names, testing new surprises. Simple things like these can endear us to our customers and associates.

If you're wondering whether empathy, responsibility, and generosity are really fundamental principles of loyalty, imagine doing the opposite. Imagine treating everyone *apathetically*, *irresponsibly*, and *selfishly*. It's been done—in fact, it's done all the time—but it's not going to earn us loyalty. In fact, it drives customers and employees away. If we intentionally focus on living by these loyalty principles, we will earn loyalty as a matter of course. Loyal customers and colleagues will naturally gravitate to us.

WHAT HAPPENS WHEN WE ADOPT A LOYALTY LEADER MINDSET

Whether we have a formal leadership role or not, we become a loyalty leader when we adopt the Loyalty Leader Mindset and then model, teach, and reinforce the Three Core Loyalty Principles. If we're in a customer-facing role, by doing a few simple things that turn ten customers a day toward real loyalty, in a week we've created seventy new promoters! And if we manage ten employees who, by doing a few simple things, turn ten customers a day toward true loyalty, every day we create a hundred new advocates! Creating new advocates every day establishes the foundation for becoming a loyalty leader.

We've worked with thousands of organizations globally, and here's what we know: Creating customer and employee loyalty is an absolutely essential component to long-term success. Maybe it would surprise you to know that working hard to earn the loyalty of others can actually make you a happier and more fulfilled person, too. We challenge you to commit to live the principles of empathy, responsibility, and generosity in your own life, and to bring your team along

for the ride. It doesn't matter who you are—a CEO, a division manager, a team leader, or *anyone* who is customer-facing—you serve the needs of other people, and you need their loyalty. It doesn't matter where you go or whom you serve—imagine what would happen if you practiced these principles at home. The principles of loyalty are the same.

MODEL, TEACH, REINFORCE, AND HIRE FOR LOYALTY

How do you instill these principles into a team? Earning loyalty is much more than teaching lessons in good service techniques. It's far more than giving everyone a copy of *Customer Service for Dummies* and ordering the team to smile and say, "Have a nice day." Your challenge is to model, teach, reinforce, and hire for the loyalty principles.

Modeling. You might be saying to yourself, "I am already empathic. I am responsible, and I am generous." Or you may feel committed to developing these behaviors in yourself. As a result, you can be a model for the members of your team, and they benefit from that more than anything. Of course, none of us is as good at living by these principles as we could be, and few of us consciously focus on them deliberately, making them the foundation of our lives. So your first challenge is to do that—to become even more the empathic, responsible, generous person you can be. Most of us have a ways to go. But that shouldn't discourage us. We can be more deeply good. We can listen better. We can make others feel more valued. And as we do so, we become the example, the *model* of what it takes to earn the loyalty of others.

Teaching. Most of us work as part of a team, so the second challenge is to build a team around us that also lives by these principles. If you are an individual team member, you can live by these principles and teach others by example. "I'm not a teacher," you say? Yes, you are. You can't help being a teacher: Your example influences the behavior of other people all day long. If you are a manager, you are, in fact, a teacher, whether you like it or not. Besides, there are real upsides to becoming a good teacher. For one thing, you're the manager: The members of your team are going to pay attention when you teach because they know if *you* value these principles, they need to do the same. The biggest upside: When you teach a principle, *you* own

it, *you* internalize it, *you* learn the most. The principle becomes part of you.

Reinforcing. The third challenge is to reinforce the loyalty principles—all the time. When you praise a team member for showing responsibility, that’s reinforcement. When you notice team members being less than empathic, you take them aside and gently remind them of the principle. When you see a generous act, you celebrate it with the team and say, “Now that’s what we want to see!” Here are reinforcement tips you can apply to every lesson in this book:

- Hold loyalty huddles (which we describe in the next section) regularly and often.
- Recognize team members who share and contribute to building loyalty. Try to catch them in the act and celebrate it. You’ll encourage others to do the same and create a culture where loyalty behaviors are celebrated continuously.
- Point to your customer- and employee-loyalty measures. Are they improving as your team members share insights and act on them? As you celebrate team members’ success in living the loyalty principles?
- Coach individuals in private on ideas for building loyalty with customers and coworkers.

Hiring. If you are in a position to hire, the loyalty principles ought to be your main criteria for bringing people onto the team. For example, Progressive Insurance changed its claims-adjustor hiring profile from “cop/investigator” to “nurse.” Business researcher and author Jim Collins says the most important thing to look for in a new hire is “alignment with your core ideology and values.”⁹ In your case, this means hiring people who are empathic, responsible, and generous. You start out way ahead if they already live by these principles. When interviewing candidates, ask for examples from past experience where their actions exhibited each principle. For example, “Please tell me about a time when you showed empathy to a customer and the impact it had. Please tell me about when you took personal responsibility for a customer issue, and it earned that customer’s loyalty.”

Even if you have no control over hiring, remember that you still have control over the most important ingredient to earning loyalty: your own behavior and the example you set for your team.

THE LOYALTY HUDDLE

You can bring the Loyalty Leader Mindset into practice by holding short, targeted meetings—huddles, if you will—to teach and reteach the loyalty principles to your team. “More meetings,” you ask? Exactly. A brief weekly, or even daily, huddle to move the needle on customer loyalty is the key to influencing loyalty behavior.

One bank in Latin America was watching one in five customers walk away from them. Profits were sagging. Over a two-year period, the bank focused on building customer loyalty; its profitability improved by double digits, and customer churn dropped by 20 percent. How did the bank do it? By improving their customer experience based on ideas generated from customer-facing employees.

Currently, hundreds of teams within the bank’s offices and branches hold daily huddles. In these fifteen-minute discussions, they talk through results and key performance indicators, many of which relate to customer experience. They also bring to the surface improvement ideas and share customer-experience stories that reinforce the customer-service culture.¹⁰ Clearly, consistent daily emphasis on building loyalty is making a big difference for this bank.

Loyalty huddles are catching on among our clients and in many other organizations.

We recommend you lead *eleven targeted huddles* with your team, each designed to strengthen a skill from the first eleven chapters in this book:



Chapter 1 Huddle—Loyalty Leader Mindset



Chapter 2 Huddle—The Need for Empathy



Chapter 3 Huddle—Make a Genuine Human Connection



Chapter 4 Huddle—Listen to Learn the Hidden Story



Chapter 5 Huddle—The Need for Responsibility



Chapter 6 Huddle—Discover the Real Job to Be Done



Chapter 7 Huddle—Follow Up to Strengthen the Relationship



Chapter 8 Huddle—The Need for Generosity



Chapter 9 Huddle—Share Insights Openly



Chapter 10 Huddle—Surprise with Unexpected Extras



Chapter 11 Huddle—Your Legacy as a Loyalty Leader

WHAT SHOULD YOU DO IN THESE LOYALTY HUDDLES? THE AGENDA IS BRIEF BUT CONSISTENT

1. Celebrate.
2. Learn.
3. Commit.
4. Schedule follow-up.

CELEBRATE

First, recognize success in increasing loyalty and applying the principle or practice discussed in the most recent huddle. Most important, celebrate individuals who are creating customer promoters.

Why celebrate? Because study after study shows that employees are more engaged by recognition of their efforts than by anything else—including money. In one major survey, salary actually ranked eighth on the list!¹¹ Gallup recommends that no one should go without recognition for more than seven days, and that it should come from every direction and be delivered in the way the person likes to receive appreciation. Such recognition should be “timely, to ensure that the employee knows the significance of the recent achievement.”¹² Be generous about celebrating successes, and you will see more of them. Customer service expert Micah Solomon advised:

It's not always what's measured that improves; it's what's *celebrated*. The greatest organizations have become great in part by building into their schedules opportunities to celebrate employees when they go the extra mile for customers.¹³

LEARN

The next agenda item in the loyalty huddle is to learn about a principle or practice that creates loyalty. Assign a team member to read a chapter in this book ahead of time and then lead the huddle. Everyone knows that the teacher learns more than the student, so if

everyone takes a turn leading the huddle, you can be confident that they are internalizing the loyalty principles. As the great management thinker Peter Drucker observed:

Service people learn the most when they teach. The best way to improve the productivity of the star salesperson is for him or her to present “the secrets of my success” at a sales convention. The best way for the surgeon to improve his or her performance is to give a talk about it at the medical society. The best way for a nurse to improve her performance is to teach her fellow nurses.¹⁴

In the huddle, invite team members to share any insights they may have from observing or following up with customers. “What are we learning? What is working well for customers? What should we improve?” As team members celebrate their victories, be sure to offer insights that will help the whole team improve performance.

COMMIT

The third item on the huddle agenda is to make commitments to apply what was learned in the huddle to create more customer promoters. “What could each of us commit to do this week? What new things should we try?” Note how important it is to follow through on commitments made in the huddles. Let your team members know that you expect them to keep their commitments and that they will be reporting on them in the huddles. Of course, you are the model of commitment keeping; if you fail to keep your promises, team members will automatically have permission to do the same.

SCHEDULE FOLLOW-UP

Before leaving the huddle, make sure you schedule the next huddle meeting and assign a person to read the chapter ahead of time to lead that huddle.

Once you complete all eleven huddles, repeat the process so that everyone on your team gets a chance to lead each one. We recognize that you may have very little time to teach your team about the Three Core Loyalty Principles, but carving out just ten minutes for each huddle weaves these crucial principles and practices into the fabric of your team culture. We have provided a “huddle agenda” in each chapter to help you with this process.

The managers at one of our valued resort clients hold weekly loyalty huddles with their supervisors, who then run the huddles with customer-facing teams. Here is their reaction to the huddle process:

Management loves it because they can choose certain topics that need special attention. The employees have created a display board where they can post comments on ways they are “listening to learn” and “making a human connection.” The huddle is just a simple conversation, only ten minutes a week. You can see the enthusiasm in the employees.¹⁵

How important are these huddles? Picture a team determined to increase customer loyalty. They huddle once a week and celebrate team members who are creating promoters. If the team has a customer-loyalty number, they track it to see if their new behaviors are making a difference. They talk about any service failures and what was learned. They come up with new ideas and commit to try them. New employees join the team, momentum builds, and the huddle discussions become richer and more meaningful each week.

Kick off each huddle by sharing things that stood out to you from the chapter. What was interesting? What was surprising? Then use the outline and questions below to guide your team discussion. Don't worry that you don't have all the answers. Just ask the questions and point out that you and your team are on this learning journey together. Most of all, have fun in the huddle so the team looks forward to the next one. After completing all eleven huddles the first time, discussions will become even more interesting and interactive the second time around as team members see the Three Core Loyalty Principles and practices coming to life in their interactions with customers and, perhaps even more important, with one another.

It's time to begin. Here is the agenda for your first team huddle:



HUDDLE 1—LOYALTY LEADER MINDSET

I earn true loyalty by having empathy for others, taking responsibility for their needs, and being generous.

1. **CELEBRATE**

Celebrate people doing a great job of earning customer loyalty.

2. **LEARN**

Discuss the following questions:

- a. What makes a customer loyal? How important is our behavior?
- b. How do promoter, passive, and detractor customers behave?
- c. Does our team have loyalty measures? If so, what are they telling us?
- d. What are we learning from our interactions with customers?

3. **COMMIT**

Create a customer promoter.

4. **SCHEDULE FOLLOW-UP**

Huddle 2 date/time? Who will lead?



THE PRINCIPLE OF EMPATHY



CHAPTER 2

THE NEED FOR EMPATHY

“YOU CAN ONLY UNDERSTAND PEOPLE
IF YOU FEEL THEM IN YOURSELF.”

—JOHN STEINBECK



MODEL . TEACH . REINFORCE

It's feelings that drive most purchases. Perhaps we'd like to think we are all rational and entirely logical beings—that we make sound buying decisions based on facts and analysis. In reality, it's just not so. Behavioral economics shows us that, in many cases, we are anything but rational, and that our emotions are a critical part of decision making. Neurologists have identified that the decision to buy is made in the limbic part of the brain—the primitive, more emotional area that doesn't respond well to analysis or rational thought. Interestingly, if the limbic

system is damaged, a person struggles with two things—emotions and decisions—which shows how intertwined these things are.

But the decision-making center of the brain does respond to empathy, the first of the Three Core Loyalty Principles. Empathy is our ability to understand and share the feelings of another person. We may not agree with the person, but we get where they're coming from. More than that, we feel what the other person feels. For the other person, it's almost like they're looking in a mirror: We reflect their feelings as if we felt similarly ourselves. Habit 5 of FranklinCovey's *The 7 Habits of Highly Effective People* explains that "the deepest need of the human soul is to feel understood." Think of when you've been treated with empathy. It feels good to be understood, and it feels extraordinary when someone really "gets you."

Empathy tends to be reciprocal. When we are treated with empathy, we often respond with empathy. And showing genuine empathy to others makes us feel good, too.

Unfortunately, we often don't feel empathy from the people and organizations whose very business it is to serve us. How often have you walked into a store needing assistance and no one notices you? For example, the woman behind the pharmacy counter continues a conversation with a coworker while you stand there and wait; the employee at the home center walks briskly past as if you don't exist; the guy at the car-rental desk talks on the phone, his eyes shielded so you can't see them while you are left gripping the counter, staring at him for one, two, five, minutes (which feel like hours).

As customers, how often do we feel that service providers not only can't see us, but can't hear us either. Perhaps our dinner order comes out wrong, or we ask for a drink that never arrives. We have to repeat ourselves over and over again on a customer-service call or are forced to call out "Hello?" when no one is attending to us.

It's not that these frontline people don't have empathy. We believe most do, because we're all born with empathy. Scientists even know which part of the brain is the empathy center: It's called the *subgenual anterior cingulate*, and it actually lights up when we see, for example, someone get poked with a needle. It makes us gasp because, for a nanosecond, we feel the other person's pain. This part of the brain also lights up when we do something nice for another person. The human brain actually feels for other people. Of course, some people have more empathy than others, but we all respond to another's emotional state. As we work to improve our team's customer

loyalty, the concept of empathy doesn't need to be taught—everyone already has it. Instead, we need to help our team focus on the mindset and skills that allow us to show empathy for and share the feelings of our customers *more often*.

One skill that allows us to exhibit empathy with our customers is prioritization of our customers above other important tasks. Many of us have an army of people giving us things to do. We have goals, quotas, tasks. We are endlessly pulled off one task to do another. We get caught up in a whirlwind of demands, some of them contradictory. In an imaginary dialogue with a customer, one employee told it straight: “It’s not that I don’t want to help you. I’m sure you’re a nice person who didn’t mean to bother me. But if given a choice between ticking you off (a stranger I don’t know) or my boss (who will call me incompetent, lazy, etc., if I don’t get my inventory done), I choose to tick you off instead. Ultimately, my boss signs my paycheck, and you’re a face I will forget in a few hours.”

Is the employee wrong to think this way? We once heard a colleague say, “If it weren’t for these pesky customers, I could actually get some work done.” It wasn’t entirely a joke.

Most employees really want to be helpful but are just so busy with conflicting priorities that they struggle to give empathy the time it deserves. Harvard Business School professor Clayton Christensen provided a broader view:

Many products fail because companies develop them from the wrong perspective. Companies focus too much on what they want to sell their customers rather than what those customers really need. What’s missing is empathy—a deep understanding of what problems customers are trying to solve.

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 front-line customer-service team but for every person in the organization, including people who work on product development, systems design, manufacturing, sales, marketing, or billing.

WHAT DOES EMPATHY LOOK LIKE?

Kanyon Hillaire is a Safelite AutoGlass technician in the northwestern United States. He is also a member of the Native American

Lummi Nation. “They are a great people, very loving,” Kanyon says of his culture. Every morning, Kanyon phones his customers to talk about repairing the glass in their automobiles. One day, he learned that one of his appointments that day was a hearing-impaired individual, and he was immediately concerned about that person. He felt empathy. Customers must understand what they can expect during the appointment, how long it will take, and when it’s safe to drive the car once the repairs are done. Kanyon was concerned whether he could communicate these things adequately to his customer.

Kanyon contacted a friend who knew American Sign Language and asked her to record a video message for the customer on his smartphone. “I could have written everything down for my customer,” Kanyon explained. “But have you ever seen someone after you’ve spoken to them in their native language? If not, try it some time. Just learn a little bit, and that person becomes more relaxed, and they feel more comfortable. For me, customer service is more than just doing a good job. When the customer saw the video, he was nodding his head and laughing with joy, and so grateful. The walls between us did fall.” The customer understood and appreciatively followed Kanyon’s instructions.

Kanyon’s story has made the rounds on social media. Marketing expert Greg Vitarelli saw it and wrote: “The other day I came upon something completely unexpected that brought me to tears. . . . It came from a very unusual place—an auto-glass company. The honest-to-goodness humanity on display is breathtaking. . . . Kanyon is truly a role model for customer-service professionals.” Kanyon’s mindset drives him to exhibit empathy with every customer. Let’s look more deeply at some of the key points of this story.

For me, customer service is more than just doing a good job. Many would be satisfied with “doing a good job”; clearly, Kanyon is not. There’s more. It’s about breaking down walls between people and truly understanding one another. It’s about making customers feel appreciated, understood, and even giving them joy.

Have you ever seen someone after you’ve spoken to them in their native language? What is your customer’s “native language,” or rather, what is unique about how they communicate with you and others? We show empathy when we speak their language, and when we do so in a way that respects their culture, thinking, and way of life.

Honest-to-goodness humanity on display. It would be easy to just do the windshield repair for the deaf customer, as for any other customer, and call it good. Some of us would go a little further and jot down written notes to share with the individual who can't hear. Kanyon delivers even more: He brings "honest-to-goodness humanity." Kanyon's behavior has a profound impact on his customers and on the success of his auto-glass company.

"But I'm busy. I have a job to do," you say. That's true. All of us have a job to do. And a critical part of that job is showing empathy to our customers, both inside and outside the organization.

In practical terms, empathy looks like this: 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 and ears. Does it take time to show empathy? Yes, and no. It certainly requires effort, but it begins with a mindset (or, perhaps better said, a "heartset"). And often we'll pay a heavier price in time, effort, and money for not showing empathy.

APATHY

The opposite of empathy is apathy, which literally means "no feeling," or not caring. It only takes a small gesture to signal apathy. A bored glance or a sigh of annoyance communicates to a customer that she isn't important. Customers can feel apathy from an organization through a frontline employee's behavior, as well as a number of other sources, for example, a poorly designed website, long hold times on the support line, a complicated bill, or a confusing check-in procedure at a hospital or hotel.

We've experienced apathetic service, and we've likely all felt apathetic at times as well. Apathy can come from life events that leave us demoralized or hopeless. It can come from exhaustion or boredom with our routines. Empathy starts with us. We don't need to be a manager to be an empathy leader and have empathy for those around us.

Stephen R. Covey said: "People are very tender, very sensitive inside. I don't believe age or experience makes much difference. Inside, even within the most toughened and calloused exteriors, are the tender feelings and emotions of the heart." The surest way to reach an apathetic heart is empathy from us. Simply connect and listen to others, behaviors we will discuss in the following chapters.

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. It works like this. Imagine we call the cable company and tell them our television signal is on the blink.

The wooden voice on the other end says: “First, Mr. Johnson, let me thank you for being our customer for, uh, the last two years. We know you have a choice of providers, and we really appreciate your business. May I take just a moment to express to you how sincerely sorry I am to hear that you are not receiving a signal. I certainly understand how inconvenient it must be. I get frustrated, too, when this sort of thing happens to me, Mr. Johnson. So to be sure I understand, the purpose of your call is to get technical support because your signal is not working. Is that right?”

No one is impressed with scripted responses and phony attempts at empathy, yet we encounter these frequently—from the automatic “Find everything?” at the grocery-store checkout to the robotic “How are you feeling today?” from a too-busy doctor in the hospital. Researchers from the Corporate Executive Board describe these interactions as “generic service”:

[One of the] biggest driver[s] of disloyalty is “generic service”—when the customer feels like the rep is treating them like a number, making no attempt to personalize the experience whatsoever. As customers, we know the pain of this sort of treatment all too well. The disinterested recitation of policy. The halfhearted offers of empathy. The scripted thanks for our loyalty. It’s enough to make our blood boil.¹

Rebekah Bernard, an author and doctor, said: “Empathy is the ability to give the impression that you understand and care. . . . You don’t actually have to feel it, you just have to show it.” We couldn’t disagree more. Empathy is an emotion—a way we connect with others. Maybe “fake it till you make it” can be useful in some circumstances, but nothing replaces true caring and compassion. Imagine the difference between working on a team with plastic smiles and programmed responses with one that authentically smiles and initiates friendly conversation. Which team do we want to be on? Which team do we want to assist us when we need help?

Employees working with a suggested script can still deliver the message in a way that exhibits genuine empathy, the first principle

for earning customer loyalty. On a recent JetBlue flight, we witnessed the flight attendant remind passengers about the rules for keeping seat belts fastened after landing and during taxiing in a way that showed real caring and concern for the passengers and not in the harsh, biting tone we sometimes experience on other airlines.

Here's another story about empathy from a customer-service representative: Our friend bought a new mobile phone for his wife. He was told the monthly service fee would be around \$30. He had some negative experiences with cell-phone billing and really wanted to make sure that the \$30 was accurate, so he verified the fee with the salesperson twice, wrote it down, and even asked the salesperson to sign it. It would definitely be no more than \$30 per month. You can imagine his frustration when the next month's bill came in at \$136.

He absolutely dreaded making the customer-service call to the company. When he finally got a person on the phone (after ten minutes of electronic routing and rerouting), he simply asked, "Can I tell you my story?" Fortunately, the agent said "Yes" in a kind voice, heard him out, and solved the problem within minutes. He admits to being a little dazed at that kind of empathy. "It was so unexpected," he said, his voice full of emotion. Like our friend, what people really want is for customer support to understand their story.

HIDDEN STORIES

Empathy is the road to a person's real story—a story that is often hidden from view. Remember the characters in your favorite comic book? Above each character's head was a thought or speech bubble with their words, thoughts, and feelings. You knew exactly what was in the character's head and heart. Imagine for a moment that you could see into the mind of your customers. It doesn't matter what kind of business you're in or the customers you have. As people walk past you, what do you think their hidden stories are?

- An elderly woman who suffered from clinical depression for fifty years.
- A man dressed in mechanic's clothes, tainted with grease. His only daughter is about to graduate from college, the first one in the family to do so.
- A husband whose wife just lost her job. He's going to be the only provider for a while.

- A businesswoman who earned a huge job promotion.
- A man dressed in a business suit who just dropped off his only son at rehab . . . again.
- Two siblings together for a long-anticipated family reunion.
- A young couple expecting a child after a previous miscarriage.
- A young man whose girlfriend just accepted his marriage proposal.

Notice we didn't tell you what kind of product or service they're looking for. Just for a moment, put that aside. How would knowing what's on their mind make a difference in the way you serve them? Their hidden stories shape what they need from us—maybe comfort, support, celebration, or compassion. Knowing their stories enables us to serve our customers much better.

The young couple expecting a baby—what brings them to our store? Do we have a special sale on newborn diapers? Empathy might lead us to provide the couple with a handful of coupons to help them out with their baby budget. And if the worst happens again and there is no baby, are we ready to take the product back quietly with no hassle and send them a heartfelt card in the mail? The newly engaged guy—what brings him to our door? What's he looking for? This man has visions of a new family, maybe a new home, a new car, a new life. What can we do to help him realize his dreams?

It may take time to learn the hidden story of someone we see regularly. In other cases, we have only minutes, or even seconds, to discover where a customer is coming from. Our ability to learn someone's hidden story begins with simple observation—by “reading” the other person's eyes and manner and by listening not just to words but to tone of voice. Sometimes we know a person's story by a glance. A workshop participant told us this story:

My family and I saved a long time for this vacation. Our flight arrived late at night, and we stood at the airport curb waiting for the hotel shuttle bus to take us to our hotel. It didn't come. And it didn't come. I rang them and they kept saying they'd be right there, but after nearly thirty minutes, the bus hadn't shown up. We were exhausted from a full day of travel, the kids were cranky, and my wife and I were beyond irritated and were starting to get nervous. Then a shuttle bus from

another hotel chain pulled up at the curb. The driver gave us a cheerful grin and asked, “Are you staying at my hotel?” “No,” we replied, “we’re staying at Hotel XYZ.” The driver said, “Jump in. I’ll take you to Hotel XYZ.” I was surprised and delighted. The driver took us to a competitor’s hotel. Guess where I now stay whenever I go on a business trip.

Just a glimpse at that tired, distraught family stranded on the curb told the shuttle driver the whole story. And that’s all it took for him to exercise a little empathy. Did it cost him? Yes, he had to go a little out of his way. What did it earn him? Potentially, a customer for life, and no doubt the feeling that comes from making someone else’s life a little better.

LEADER APPLICATION—THE PRINCIPLE OF EMPATHY

As we shared in Chapter 1, frontline customer-facing employees are often the least-trained, least-valued, and lowest-paid people in the organization. Some are working more than one job, going to school, or straining to hold a family together. With a little empathy, it’s easy to see why someone may not be investing all of his or her energies into the organization’s key performance indicators.

A leader dealing with apathetic associates often experiences real frustration with an inability to spark empathy. Pep talks, threats, raises, promotions, and rallying cries can only get us so far. So, what’s the real solution to a team’s lack of empathy? More empathy from the leader. The power of empathy applies just as much to our team members as it does to our customers. FranklinCovey teaches:

Always treat your employees exactly as you want them to treat your best customers. You can buy a person’s hand, but you can’t buy his heart. His heart is where his enthusiasm is, his loyalty is. You can buy his back, but you can’t buy his brain. That’s where his creativity is, his ingenuity, his resourcefulness.

Take a look at team members and what matters to them:

- Sam loves music and is training for his first marathon.
- Maria is going to night classes at the technology center.

- Jack is a cat person and lives in a loft with a rooftop garden.
- Fatima is a part-time yoga instructor and loves to cook.

How might these facts influence their leader's behavior? The extraordinary manager of this team knew Sam really loved music and running, so she occasionally picked up gift cards for him to purchase songs online. She remembered to text him on the day of his marathon to wish him luck and later congratulated him on finishing.

Do we know the stories of our team members? Do we know what their lives are like? What keeps them awake at night? What they dream of? How their families are doing?

A friend told us this story about a small business he once owned:

I had two employees, Keith and Randy, who were stock clerks just out of high school. They both were sarcastic, impolite, and brash. They would roll their eyes and occasionally laugh at me. They both did the work just fine, but their rudeness was hard to take. Managing Keith, in particular, was tough for me. I thought of myself as a good employer, and I tried hard to get him to change his attitude, but he would laugh me off and continue on the same way. One day I'd had it. I very calmly invited Keith into my office, handed him what I owed him, and told him to go home. I fired him on the spot.

Randy was just as bad-mannered as Keith, but he didn't bother me nearly as much. I had known Randy since childhood and had watched him grow up. I knew him as a little boy whose father was somewhat abusive. I knew him as a playmate to my own kids. I knew that he suffered from severe asthma, a condition that would eventually take his life. I liked his upbeat smile, his quick wit.

One day I put my arm around Randy and thanked him for a job well done. I had done this many times before, but this time he smiled back and gave me a little punch in the arm. I felt connected to Randy. You see, I knew Randy's story, about the trying life he led, about his hopes and dreams. I didn't know Keith's story. In retrospect, I wish I would have taken the time to get to know him.

Stories change hearts. When we know the stories of our team members, when we know their hearts, it can change ours.

There are two ways to create a team with empathy. One is to lead your team there. The other is to hire people who exhibit empathy in their actions. We recommend doing both.

LEADING YOUR TEAM

Focusing a team on empathy starts with the leader. Whether you are the formal leader or not, ask yourself if you are a model of empathy.

Dr. Fred Kiel, whose life's work is understanding how character affects job performance, said, "When it comes to running a business, self-involved, bottom-line-driven leaders rarely deliver the goods." If you're not naturally empathic, you can't sit back and say, "That's just the way I am," and expect to deliver good performance. A lack of empathy breeds the natural consequence of a lack of loyalty. Nobody is loyal to a person who is uncaring. So, it's to your advantage to develop empathy.

You may feel that you just aren't a naturally empathic person, and that this "warm and fuzzy" stuff is for the birds. Don't be discouraged. Dr. Kiel's response to those who say their character is set and that it can't change is: "Yes, it can. I'm firm in that conviction because I've seen many adults successfully take on the challenge of improving their character. Not only that, I've seen how much happier, more satisfying and successful their lives have become as a result."

We overcome our own empathy deficit by intentionally shifting our mindset and by choosing to soften our heart and connect with others. Observe others and discover their hidden stories—the tired shopper; the guy with a complaint; the dad with the bored, crying child; the laid-off worker; the woman cleaning the restrooms. If we focus on shifting our mindset and practicing this first principle of loyalty, we will see the results empathy brings. Continue to do this, and it becomes second nature; it becomes a habit. As leaders, our behavior becomes the behavior our team embraces. We communicate the values of our team in our actions.

Here are a few tips that can help us all create a culture of empathy.

Ask yourself whether empathy is a principle you want to embrace. When you greet someone, is it a heartfelt greeting or a cold, quick nod? Do you show the same kind of empathy both to your customers and your team? There's no point in creating a culture that talks about empathy if you don't really believe in it. If you are or can become an empathic person, and stand for that principle, people will follow you.

Put yourself into their stories. When you're working with customers and employees, try to think about when you've been in their situation. As you observe people, try to figure out what their hidden story might be.

Don't get distracted. If you're writing a text message to one person while talking with another, neither one is getting your best. You need to give your full attention to the customer or employee in front of you if you want to earn that person's loyalty.

HIRING NEW TEAM MEMBERS

If you are involved in hiring, look for people who are naturally gifted with empathy. Researchers call highly empathic people “integrators” because they are good at bringing people together and building relationships. According to biologist Helen Fisher, the brains of these people are influenced a little more than others by what's called the estrogen/oxytocin system. Although one might think this is more prevalent in females, it's not tied to gender.

To recognize an integrator, watch for people who have a record of strong relationships—who are trusting and sensitive to another's feelings. They connect quickly with people. They are diplomatic, good at facilitating consensus, and tend to have exceptional verbal and social skills. In interviewing candidates, observe how well they connect with you and others in the interview process. Note how they talk about past customer experiences and how they express their feelings about their relationships.

TWO PRACTICES OF EMPATHIC PEOPLE

To show empathy to another person, there are two key behaviors or practices we need to focus on:

- Making a genuine human connection
- Listening to learn

We will study these in depth in the next two chapters. Empathic behaviors can be learned and taught, so use the huddle agenda below to direct a meaningful conversation about empathy with your team. And as your team works toward increasing empathy, be sure you recognize and reward the interactions that reflect empathy. Call them out, congratulate your team members for their efforts, and spotlight the success stories.



HUDDLE 2—THE NEED FOR EMPATHY

Empathy is the ability to identify with and understand another's situation or feelings.

1. CELEBRATE

Celebrate someone who created a customer promoter.

2. LEARN

Discuss the following questions:

- a. How does it feel when we are treated with *empathy*?
- b. How does it feel to be treated with *apathy*?
- c. When is it *really important* for us to show empathy?
- d. How can we show empathy even when we are busy?

3. COMMIT

Show empathy to a customer or coworker.

4. SCHEDULE FOLLOW-UP

Huddle 3 date/time? Who will lead?

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