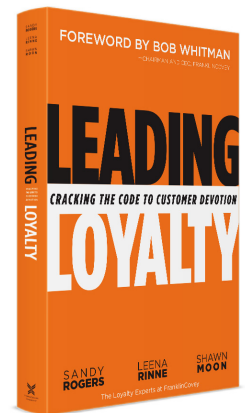


Leading Loyalty

Cracking the Code to Customer Devotion

by **Sandy Rogers, Leena Rinne, Shawn Moon**



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THE SUMMARY IN BRIEF

To thrive in today's economy, it's not enough for customers to merely like you. They have to *love* you. Win their hearts, and they will not only purchase more—they'll talk you up to everyone they know. But what turns casual customers into passionate promoters? What makes people stick with you for the long haul?

For more than 30 years, the customer loyalty experts at FranklinCovey have been observing, leading, coaching, and conducting research inside thousands of organizations to help clients adopt behaviors that earn their employees' and customers' unwavering loyalty. As a result, the co-authors of *Leading Loyalty* have identified the key differentiators of loyalty-leading organizations.

Full of eye-opening examples and practical tools, *Leading Loyalty* helps you infuse the principles of empathy, responsibility, and generosity into every interaction, and reveals the practices of everyday service heroes—the customer-facing employees who cultivate bonds and lift revenues through the roof.

It's time to invest in building loyalty. *Leading Loyalty* will show you the way.

IN THIS SUMMARY, YOU WILL LEARN:

- The three key traits of the Loyalty Leader Mindset.
- How to genuinely connect with customers and colleagues.
- The true meaning of being responsible to your customers and employees.
- To infuse your organization with generosity that surprises and delights.

The Foundation for Leading Loyalty

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.

Godin describes the second kind of loyalty—which can be understood 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?

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*.”

Leading loyalty is about the intense positive emotion that can be created through our personal engagement with other people. It results from specific underlying principles that drive loyalty, enabling businesses to crack the code to customer devotion. These principles are both timeless and universal.

Loyalty Leader Mindset

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:

Why does loyalty matter? Stores with high customer-loyalty scores 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 high-performing stores, overall profitability would rise a stunning 20 to 30 percent!

Top-performing stores earn a lot more loyalty because they deliberately focus on earning loyalty—not by chance but by choice. They start with clarity about exactly what a great customer experience looks and feels like.

Who is most responsible for creating loyalty? The CEO, right? Well, certainly he or she plays an important role. But the CEO is not the primary driver of loyalty. It’s all of us—the people who serve customers inside and outside the organization every day. FranklinCovey 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.

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.

How can you earn the loyalty of your colleagues and customers? The Three Core Loyalty Principles for earning loyalty in any relationship are empathy, responsibility, and generosity.

We earn the loyalty of our customers and co-workers when we have empathy for them—the power not only to hear what they are saying but also to feel what they feel. To show empathy, we need to make a genuine human connection and listen to learn the hidden story.

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 outcomes for our customers and colleagues. To take responsibility, we need to discover the real job to be done and follow up to strengthen the relationship.

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 co-workers into *advocates*. To be generous with other people, we need to share insights openly and surprise with unexpected extras.

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. A brief weekly, or even daily, huddle to move the needle on customer loyalty is the key to influencing loyalty behavior.

What should you do in these loyalty huddles? 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.

The next agenda item in the loyalty huddle is to **learn** about a principle or practice that creates loyalty.

If we want loyal customers, empathy cannot be one priority among many. It has to be at the top of our list... for every person in the organization.

The third item on the huddle agenda is to make **commitments** to apply what was learned in the huddle to create more customer promoters. 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.

To implement the loyalty leader mindset with your team, see the huddle exercise on page 27 in *Leading Loyalty*.

The Principle of Empathy

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.

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. 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.

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.

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 im-

mediately 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."

Kanyon's mindset drives him to exhibit empathy with every customer.

To implement the principle of empathy with your team, see the huddle exercise on page 43 in *Leading Loyalty*.

Make a Genuine Human Connection

Showing empathy for someone else starts by making a connection with him or her. A genuine connection promotes a feeling of belonging, of acceptance.

Ultimately, making a genuine connection begins with our mindset. If we adopt the mindset that connection matters, that it is a priority, we see people in front of us instead of problems. We see human beings, not hassles.

How do we make a genuine connection with everybody?

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." Notice that there isn't a script the retail associates need to follow. Everyone who enters an Apple Store gets that warm welcome at the door.

Observe, then serve. What unexpressed emotions do you sense? What is the customer's demeanor? Sad? Rushed? Eager? Hesitant? Curious? Overwhelmed? What about their tone of voice? Angry? Excited? Pleading? Worried? Ho-hum? If you want loyal customers, you'll be watchful. You'll pick up these nuances of behavior and allow your empathy and connection to kick in while you match your own behavior to theirs.

Connect warmly with your eyes. It is intuitive that eye contact is essential to making a human connection, and while it's common sense, it's not always common practice. Further, if we want to make a genuine connection, we can soften our gaze and smile to add warmth.

Acknowledge others. Sometimes all it takes is a smile and a sincere "I'll be right with you" to connect with the customer. It doesn't require much, really. We can't show empathy or connect with customers if we don't acknowledge that they're standing right in front of us.

Be available, but don't hover. The best practice is to "make yourself available." Make warm eye contact, smile, and greet customers. Then let them know you're available by saying, "I'll be right over here if you need anything." Periodically, check in to see if they have any questions, but generally be aware of physical proximity, and avoid making them uncomfortable by being in their personal space.

To make a genuine human connection with your team, see the huddle exercise on page 60 in *Leading Loyalty*.

Listen to Learn the Hidden Story

Every customer has a hidden story. By making a genuine human connection and listening to learn, we uncover their story, which then allows us to feel and convey empathy.

You may be thinking, "We don't have time to listen to every customer's story," and of course there's some truth to that. But FranklinCovey teaches, "With people, fast is slow and slow is fast." If we are sincerely interested in earning someone's loyalty, it often pays to slow down just a little bit and listen to learn.

The listening-to-learn behavior is rooted in the principle of empathy because it is about fully understanding and empathizing with the story of another. "Story" is defined as the person's emotions, knowledge, experience, and point of view—the narrative behind the need.

There are four things you can do to listen and learn:

Stay silent until the person has finished talking. Keeping quiet until the other person has completely finished talking takes discipline. But it can be mastered with practice, and it goes a long way toward communicating to others that you genuinely care about their thoughts and feelings.

Listen with your ears, eyes, and heart. "Listen with your heart" means you grasp the feeling as well as the content of what is said, and this behavior is rooted in empathy.

Don't worry about how to answer—focus on understanding. Whether it's their social conditioning, shyness, time pressure, or distraction, customers don't often chatter during simple transactions. Ask simple, friendly questions. "What's the occasion?" "What are you thinking of doing with this [product]?" Make the question as easy and sincere as you can in order to get the story.

Ask open questions, not closed or yes/no questions, and ask burning questions. Burning questions are those that are likely to be important, critical, and urgent. For example, "What problem are you trying to solve?" "What are you hoping to accomplish?" "What's the biggest challenge you're having with your deck?"

Rephrase what was said and check for understanding. Empathic Listening is the skill of reflecting both the content of the person's concern and the feeling he or she has about it. This process has the incredible ability to uncover what's really on someone's mind, and it's also a critical skill when there's emotion in the conversation.

A customer could come to you angry or excited about a purchase. A colleague could come to you frightened or enthusiastic about an upcoming change in the business. Observe how they feel; really listen to what they are saying.

Then, reflect what they've said in your own words. You might choose to reflect only the emotion or only the content of what they've said, or you might reflect both.

To listen to learn the hidden story with your team, see the huddle exercise on page 75 in *Leading Loyalty*.

The Principle of Responsibility

Responsibility is the second of the Three Core Loyalty Principles. The best businesses are ready to take responsibility for our problems, our needs, and their relationship with us. They meet us at the door. They return a text immediately. They answer the phone. They empathize with us, do

the job we need done, then follow up to make sure it was done right. All of this conveys that we are important to them, and it goes a long way toward earning our loyalty.

Empathy is the principle of understanding other people so they feel valued, while responsibility is taking ownership for the actions that follow such an understanding to help people achieve their goals.

It's natural to wonder, are we expecting too much of front-line people by asking them to

- Take responsibility for the customer's problem?
- Foresee potential problems customers may have with their products?
- Find an exact fit with each customer's needs?

This depends on how we define the job of our people. If we see their role as taking responsibility and solving problems, then meeting the needs of each customer will come naturally.

A cancer survivor told of his experience with two very different nurses—one who displayed empathy, connection, listening, and responsibility, and one who did not. Notice the different impact generated by each experience:

“When the nurse standing in front of me told me I had lymph cancer, she went straight into the ‘protocol’ with precision and efficiency: ‘Here’s what you’re going to do, what we’re going to do, what’s next, what you can expect. Do you understand?’

“Well, I didn’t understand a word. I’d heard nothing after she said the word ‘cancer.’ I felt like my stomach had been kicked in and my life was over. I sat numb while the nurse finished up her instructions and left the room. I was shocked, alone, and, frankly, scared.

“Another nurse came in the room to take over my case. This second nurse sat down and looked at me. ‘It’s just the worst, isn’t it?’ And then she listened to me as I choked up and babbled and cried. I could feel that she felt with me. ‘I’m going to stay with you all the way through this,’ she said. And she did, week after week. One day during my treatment, I was lying there really depressed when she came in my room carrying scissors and some old magazines and said, ‘Now cut out all the happy pictures and paste them on construction paper.’

“I thought, ‘How stupid,’ but we did it together and talked and laughed a bit. Then she took me down to the children’s ward where we posted the pictures on the walls to cheer up

the little kids with cancer. I felt almost human again.”

The first nurse was doing her job—and was probably really good at efficiently handling patients—but clearly struggled to feel empathy for the patient and take responsibility for the client’s need (which at that moment was to feel comforted).

By contrast, the second nurse connected immediately with his overwhelming need. She also recognized that her job was not just medical care but also emotional care. Her kindness, her ingenuity at doing the real job, and her willingness to follow up is what it means to take responsibility for the customer.

Discovering the real job to be done allows us to make sure people achieve the solution or outcome they are really seeking.

To emphasize the principle of responsibility with your team, see the huddle exercise on page 92 in *Leading Loyalty*.

Discover the Real Job to Be Done

We assume responsibility for the other person’s goal or problem by discovering the real job to be done. We may be doing a great job at taking responsibility for the client in the moment, but if we rush to deliver the client’s request, it’s not entirely clear our solution is aligned to what that person truly needs. 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.

In many cases, it’s easy to assume we already know what the customer needs. We’ve heard the same question from dozens of customers before, so we just jump to the answer. Shifting our paradigm from one of “having the answer” to “discovering the need” can make all the difference in our ability to earn loyalty.

In order to discover the real job to be done, we need to do three things:

Be curious, not pushy. Most customers don't want to be barraged with questions. 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" is a great way to begin the conversation without seeming pushy.

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. Look at these two sentences. How are they different?

"You'll want cushioned racing shoes."

"To do well in the upcoming marathon, you'll want cushioned racing shoes."

The mentality behind Sentence 1 is, "I have a product to sell you." The mentality behind Sentence 2 is, "You have a job to do, and this product will help you do that job." Maybe it doesn't seem like much of a difference, but actually there's a huge gap between these two mentalities and what they convey to the customer. "Lead with the need" is simple—it means talking about the need before you talk about the product.

To discover the real job to be done with your team, see the huddle exercise on page 105 in *Leading Loyalty*.

Follow Up to Strengthen the Relationship

Those who have engendered true loyalty effectively follow up with their customers. It goes with doing the "job to be done." How can we know if we actually did the job right unless we follow up to find out?

Our service might have been just fine, but that doesn't mean it stayed fine. And we can always improve. Unless we're constantly upgrading what we do, the loyalty of our customers may be at risk. Follow-up is not hard if we really mean to be helpful.

As marketing expert Rebecca Wilson points out, follow-up is more than just a courtesy. It's an opportunity to build the relationship, and that may be the best reason of all for doing consistent follow-up. If we see a customer interaction as a one-off event, that customer isn't likely to feel connected to us.

There are five "A's" to remember when doing follow-up, especially in a conflict situation:

Assume others have good intent. If we assume unhappy customers are trying to take advantage to get "freebies," we will come across with an attitude that puts them immediately on the defensive. Instead, we need to give our customers the benefit of the doubt, even if temporarily. In showing empathy, we'll hear them out and do our best to understand their point of view.

Align with the person's emotions. This does not mean you should get angry if the customer is angry. "Alignment" means getting on the customer's side, even if temporarily. We need to make the emotional connection first and then deal with the job to be done. Use your empathy skills to make a warm connection and listen to learn. Stand with them, not against them.

Apologize with your heart and without a hint of defensiveness. A heartfelt apology not only melts anger, but it is also the right thing to do when we're at fault. Even if we're not at fault, we can practice empathy by feeling "with" other people and expressing regret for a bad experience. Getting defensive is a recipe for escalating conflict and never a good idea.

Ask how you can make things right. Maybe it's personal service. Maybe it's a free-rental day. Maybe you pick up the check. Whatever it is, offer it—the gesture might help win you the person's loyalty after all.

Assure the person you will follow through, then do it. Specify the job you will do and when you will do it.

Practice the same follow-up guidelines with team members. Assume that your team members have good intent, even when there's a problem. Certainly they don't come to work planning to mess up. 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.

To follow up to strengthen the relationship with your team, see the huddle exercise on page 119 in *Leading Loyalty*.

The Principle of Generosity

Generosity, the third of the Three Core Loyalty Principles, is straightforward. Generous people are kind. They extend themselves to help others. They think of new, creative things they can do for customers and co-workers. They may not save pennies in the short term, but they earn big dollars in the long term. More than that, they love people and treat them like guests.

Generous people and organizations show kindness first; then they do whatever possible to give more than is expected.

Generous people and organizations show kindness first; then they do whatever possible to give more than is expected. Zappos helps customers find shoes they don't have in stock. Dick's Sporting Goods accepts expired coupons. These are just ordinary courtesies, but ordinary generosity can be extraordinary—and it can earn real loyalty.

What gets in the way of us being generous? Probably the biggest barrier to generosity is fear. Being generous can be risky. Customers might want more of our time and resources than we can give and still stay in business. Team members might demand more than their contribution justifies. In fact, a generous act can be as simple as opening a door, answering the phone on the first ring, or rounding out a transaction in the customer's favor.

To emphasize the principle of generosity with your team, see the huddle exercise on page 137 of *Leading Loyalty*.

Share Insights Openly

Embracing the principle of generosity means constantly thinking about new ways to make life easier and better for others by contributing thoughts, feelings, knowledge, and innovative ideas. The necessity of this contribution calls for a key behavior—share insights openly. But to do so without the governing principle of generosity relegates this practice to complaints, criticism, and, in the ever-expanding world of self-service automation, indifference.

Here, information sharing is an aspect of coaching to help other people get better. A great insight isn't worth much if we can't share it effectively and get others to act on it. Here are some loyalty-building guidelines for effective coaching:

Recognize a job well done. People will be more open to our insights and coaching if we begin by letting them know we respect and recognize the good work they are already doing.

Ask permission to share insights. Something as simple as “Would it be OK for me to share a thought with you?” can be a good icebreaker. Asking permission shows respect and allows the other person to tell us if they are busy right now and when they will be free.

Declare your intent. State up front that you just want to share an idea to help them, not to criticize them in any way.

Be positive and encouraging. Our tone of voice and body language need to be warm and welcoming. The other person should feel we are on their side and only interested in their continued success.

Share information that helps people make better choices. An effective way of doing this is to ask thoughtful questions. Give the other person an opportunity to share their observations and feelings. Then, after listening to learn and showing empathy for their situation, share the insight you feel may be helpful.

To share insights openly with your team, see the huddle exercise on page 151 of *Leading Loyalty*.

Surprise With Unexpected Extras

A client of FranklinCovey told this story: “Several years ago, our family dog was acting ill, and we took him to the veterinarian. We got the devastating news that our dog had cancer that was well advanced and that he would not recover. We were crushed. The staff at the animal hospital was overwhelmingly kind, and it was clear they knew how difficult this was for us. After the diagnosis, one of the technicians took Milo for a few minutes and brought him back wrapped in a blanket. We said our goodbyes.

“A few days later, we got a package in the mail. In those few minutes with Milo, they had taken a picture and an imprint of our dog's paw, framed them and sent the gift to us along with a note of condolence. It meant so much to our grieving little family.”

In building loyalty, there are few spotlights as bright as the unexpected extras that make customers smile, glow, and rave about us. Sending personal messages, remembering names, experimenting with surprising new service ideas—these simple gestures endear us to customers and increase their loyalty. And they also bring meaning and joy to the work we do each day.

How do we surprise with unexpected extras? First, brain-

storm ideas with your team; then run thoughtful experiments to see what works. To brainstorm with your team, ask them, “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?”

To generate ideas, think about things that potentially annoy or stress out customers or waste their time. When do customers hesitate or look confused? What questions do clients ask that they shouldn’t have to ask? What would make them feel more valued and appreciated? These things do not need to cost a lot of money.

To surprise with unexpected extras with your team, see the huddle exercise on page 166 of *Leading Loyalty*.

Implementing Loyalty

Your Legacy as a Loyalty Leader

Someday you will leave the job you’re in now. How do you want to be remembered? How will things be different because you were there? In other words, what *loyalty legacy* do you want to leave?

Those who inspire true loyalty predominantly focus on the emotional intelligence of the heart. Employee engagement is about the heart, too. But in too many workplaces, there is no heart to be found. Employees feel little if any loyalty to their employers and have practically no emotional investment in their jobs.

Loyal employees produce loyal customers. So, how do you win the hearts of employees, who in turn can win

the hearts of customers? By modeling, teaching, and reinforcing the ideas above. It’s the most important thing you can do to boost loyalty, and it costs very little. Armed with those loyalty principles, practices, and tools, you can build a legacy of loyalty.

To emphasize your legacy as a loyalty leader, see the huddle exercise on page 175 of *Leading Loyalty*.

True loyalty starts with you. A Loyalty Leader Mindset, based on the enduring principles of empathy, responsibility, and generosity, starts in your head. Then, as you live these principles each day, you teach others how to cultivate them in their hearts. As a result, employees will treat one another and customers the way they are treated.

IF YOU LIKED THIS SUMMARY, YOU MAY ALSO LIKE:

- *Costovation: Innovation That Gives Your Customers Exactly What They Want—and Nothing More* by Stephen Wunker and Jennifer Luo Law.
- *The “Make Mom Proud” Standard for How to Treat Your Customers* by Jeanne Bliss



Sandy Rogers founded and leads FranklinCovey’s Loyalty Practice, which helps organizations increase customer and employee loyalty. Leena Rinne is FranklinCovey’s Vice President of Consulting. She is responsible for the hiring, development, and management of FranklinCovey’s world-class consultant team and for the high-quality delivery of its programs and solutions. Shawn Moon has over three decades of experience in leadership and management, sales and marketing, program development, and consulting services.

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