

Customer Loyalty Management Awareness



Making certain that your customers get what they want and come back for more is of critical importance to the long term success of any organization. All factors that impact negatively on the customer (unfriendly policies, processes, untrained employees etc.) must be identified and corrected if you wish to compete most effectively and profitably now and in the future.

To every successful business, having a customer is obviously the most important ingredient. Try conducting a successful business without one.

Management's Responsibility

As a management team, one of your most critical functions is determining how best to relate to your customers. You must develop appropriate customer-oriented strategies, design and implement customer friendly policies/processes, develop your employees to create and sustain customer relationships, and constantly monitor and continuously improve your progress for the issues that are most important to your customers.

To create loyal customers, an organization needs to provide a positive emotional tie during every Point of Connection (POC) even though it may seem to be a small, insignificant detail. A customer's experience is inherent, a positive experience is not. The customer consciously and unconsciously filters a barrage of impressions at each POC in the form of experiences and organizes them into sets of impressions, some rational and others emotional. Anything perceived or conspicuous by its absence is an impression. If customers can see, smell, taste, or hear it, it is a POC. Product and service providers provide measurable POCs, as does the physical environment in which they are offered. Therefore, in order to effectively manage POCs they first must be identified, and once they are identified, management must clearly understand what value your customer desires.

Why Would You Want Loyal Customers?

The notion that there is no linkage between customer retention and profitability is being proven false. Recent studies that sought to find a linkage between customer retention and profits have supported the fact that the old notion is false. There is, in fact, a direct linkage between customer retention and profitability.

Even insignificant changes in customer retention rates have resulted in extraordinary improvements in profitability. One survey found that a 5% shift in customer retention consistently resulted in 25-100% profit swings. These almost unbelievable results would suggest that there must be a powerful force, your emotional connection to your customers, which needs to be understood and managed.

So what can you do differently for your business? A good place to start would be to find better ways to create and sustain a loyal customer base, the advantages of which will be enormous to customers, employees, and investors. Strictly from a financial perspective, revenue increases of improved service quality tend to be 10-20 times the costs associated with fixing the problem.

Measuring Loyal Customers

It can be difficult for an organization to measure the economic value of creating a loyal customer if they only focus on the balance sheet as a means of measuring current and future success. Only considering balance sheet items could lead one to conclude that relationships are irrelevant, and customers should be dealt with based only on what is profitable rather than what is right for the customer. Given this thought process, it is little wonder then that the customer often gets lost in the shuffle. So if profit

is not the only, or even perhaps the best measurement of customer loyalty, what is a better measurement system?

How to Get Started

During a 2-day workshop with the senior leadership team, you will be able to determine if Customer Loyalty is a strategy needed for your organization.

- Develop a dashboard to maintain management and employee focus
- Create action steps to retain loyal customers
- Develop a methodology to measure employee loyalty
- Examine relationships between customer loyalty and profitability
- Identify core Points of Connection
- Understand if this strategy will help you achieve your strategic objectives

Results

If a Loyal Customer Strategy is right for your organization and successfully implemented, you could expect:

- Increased profits
- Reduced costs
- Increased employee retention and loyalty
- Improved team culture
- Motivated and productive employees
- Increased future growth potential
- Increased competitive strength

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