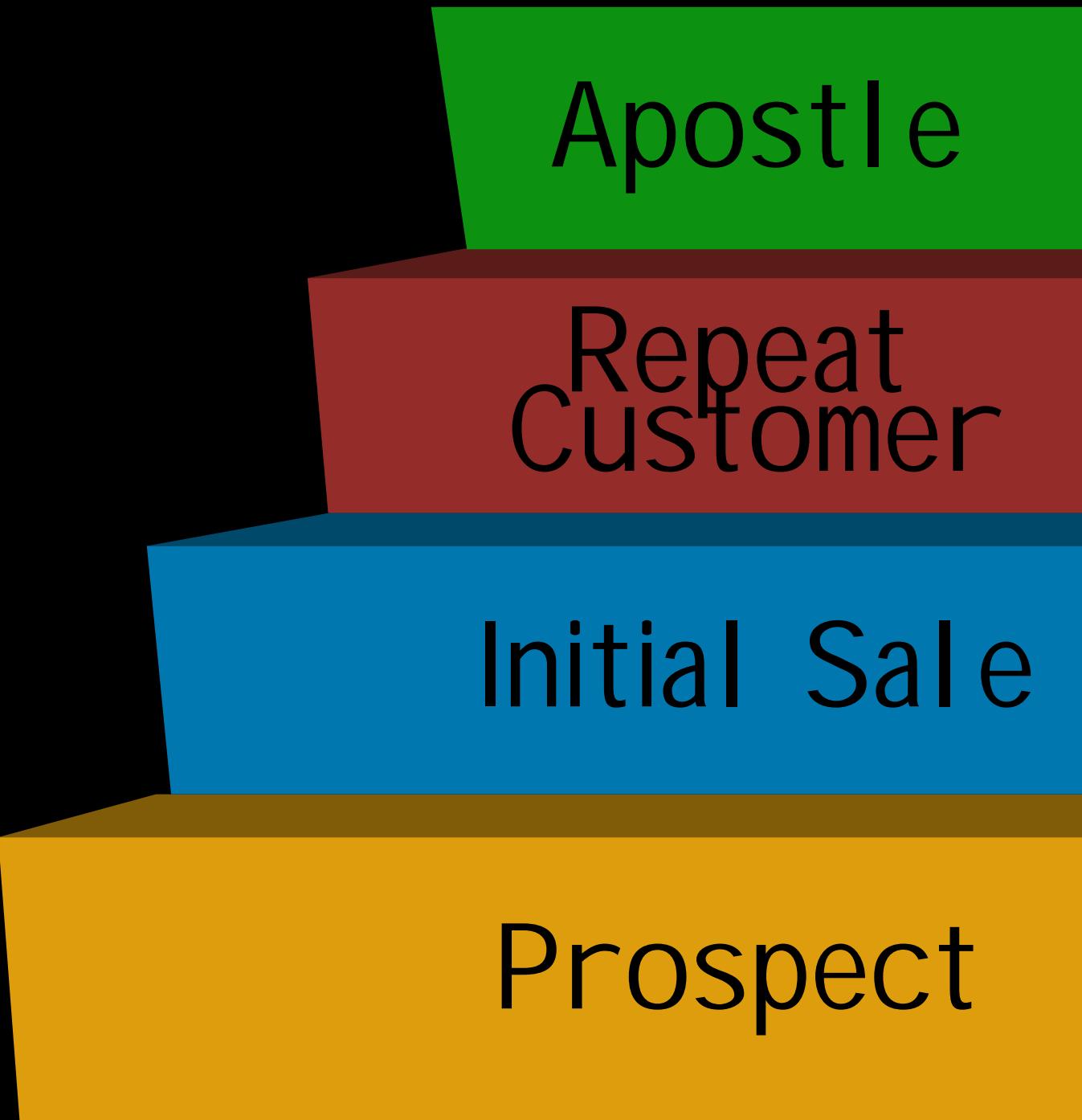


The Stairs of Customer Loyalty

Tony Alessandra



Apostle

Repeat
Customer

Initial Sale

Prospect

The Stairs of Customer Loyalty

By Dr. Tony Alessandra

Many companies follow the same formulas for bringing them closer to what they think their customers really want. Concepts like “customer focus” and “customer satisfaction” are warmly embraced. Today, who isn’t focusing on satisfying customers?

However, in today’s ultra-competitive marketplace, if you’re doing what everybody else is, you’ll never get to where you want to be. It is incumbent for companies to set themselves apart from the rest of the competition. If your company is going to be a leader in your market, you are going to have to really practice things like “customer intimacy,” “customer interaction,” “customer loyalty,” and perhaps more important, “customer partnership.” Partnership is a single-thread relationship. It is being “one.” Such a relationship is built upon a mutually agreed-upon plan that reflects the nature and needs of all parties involved. This is not a re-wording of old terminology or a re-defining of the same, tired concepts of “sales and service.” Instead, it is a paradigm shift, moving away from transactional customer satisfaction and towards permanent customer loyalty.

In order to achieve success in today’s hyper-competitive economy, your company must learn the needed skills to develop long-term relationships with its best customers. Too often, however, the constant push to increase sales and market share from new business leads companies away from their current customers and, instead, towards finding new ones. Such a strategy is a terrible waste of time and money. The most effective way to assure the growth in profitability that every company wants is to turn their already-existing customers into “apostles.”

For far too many companies today the overriding focus of their growth strategy is on increasing sales and market share. This is eerily similar to what I experienced when I was working my way through college selling cookware door to door. As a beginning salesperson, I naively believed the best way for me to make more money was to make more new sales. The foolish dedication to this premise led me to ignore my past customers in favor of always finding new ones. It was only afterwards, when I found myself working harder

than ever before and making less money for the time I invested, that I realized my strategy was wrong. Unfortunately, many companies today are acting and thinking like I did over forty years ago. They dedicate far more of their resources to expanding new sales at the expense of their already existing customer base. Since 1974, while working with some of the smartest and most successful companies across America, I have learned that the ability to convert new sales into “apostles” for the company is the best path towards stable, long-term growth. Moreover, I have recognized which skills are needed to accomplish this task. The stairs of customer loyalty is the process which, in a simple, straightforward manner, shows you how to convert your prospects into sales, and then to repeat customers, and finally, into apostles, who are a group of raving fans who will “preach your message” and “sing your praises” to the marketplace.

Finding the Right Prospects and Avoiding the Wrong Prospects

Possessing the right marketing skills is crucial in properly identifying the right kinds of prospects for a company. Smart companies accomplish this responsibility by profiling the top twenty percent of their current customers who typically provide eighty percent of their profits. Criteria like profitability, frequency of purchase, after-sales service required, revenue, and loyalty potential are quantified and used as measuring devices in determining the most important characteristics of a company’s best, most potentially loyal customers.

Looking for new business is very expensive. Therefore, companies need to avoid the wrong kinds of prospects for them. Just as it is critical in distinguishing the attributes of the right prospects, a company needs to outline the characteristics that make up the bottom twenty percent of their customer base. Anybody in business can easily recognize who the complainers, price-grinders, and transaction-oriented clients are. By clearly understanding the bad traits of those bottom twenty percent, companies can much easier avoid the wrong prospects and focus their resources on the upper twenty percent instead.

The “20/80 Rule” works at the bottom of the customer base as well. That is, twenty percent of a company’s customers more than likely cost more to handle than they’re worth. These customers give more

grief; chew up more time with requests and complaints; and, generally, cause the most stress for a company.

The Steps to Successful Sales

When a company is ready to make contact with the right type of prospect, three face-to-face steps are used to move to the next stair, “making the sale.” Each step requires particular selling skills that are necessary to “close the sale.” A successful collaborative sale is like building a pyramid; each step depends upon the success of the previous ones, and no step can be omitted without creating disaster.

Exploring Needs

In this stage of the collaborative sales process, salespeople convey the message: “Let’s explore your business situation to see if there are needs to fulfill or op-

portunities on which to capitalize.”

During the explore stage, collaborative salespeople conduct research, meet with their prospects frequently, and do whatever it takes to become an expert on their prospect’s business. The give-and-take relationship that develops sets the stage for in-depth exploration of options that may culminate in a sale. Collaborative salespeople make it clear that they want to help, not just make a sale. If, after information-gathering, collaborative salespeople find that their products are not appropriate for their prospects, which is unlikely due to their careful target marketing, they will forego the sale, but have made a friend and business contact. The Explore stage of selling, and in fact the entire Collaborative Selling philosophy, is built around the following phrase--”*Prescription Before Diagnosis is Malpractice*”



Collaborating Solutions

It is at this point after an in-depth exploration of a prospect's situation that collaborative salespeople talk about their products or services. Naturally, they are discussed in the context of prospects' needs or opportunities.

Collaborative salespeople never dictate solutions to their prospects. Instead, they form "partnerships" in which prospects play an active role in the search for the best solution. The collaborative phase of the sale is conducted in the spirit of "let's work together on the solution and together build a commitment to its successful implementation." This team-approach to problem solving ensures that prospects will be committed to solutions. By making customers equal partners in problem solving, collaborative selling reduces or eliminates the risk that is inherent in the customer's decision-making process.

Confirming the Sale

Keep in mind that, in every phase of the collaborative selling process, the salesperson and prospect have communicated well. Collaborative salespeople move on to the next phase of the sales process only after they have received assurances that their customers are in agreement with them on everything that has been discussed.

This agree-as-you-go process eliminates the need to "close" the sale or handle objections. Most objections have surfaced long before this point. If resistance does occur, the salesperson simply gathers more information or clarifies a detail.

With collaborative selling, the sale is a matter of *when* and not if. Confirming the sale is the logical conclusion to an on-going communication and problem-solving process. There is no need to "close" them. People commit when all their buying criteria are met!

Building Long-Term Customers

Operations-Driven vs. Customer-Driven

As a customer in today's market place, what impresses you the most? What prompts you to more often return to a particular store rather than "shop around?" You, like most others in both their business and private lives,

are no longer always shopping for the lowest cost—you are looking for what gives you the greatest *value*. When you find that value, you return again and again and again. What is it that gives a retail store or other business a greater value over its competitors? It's their *customer-driven* orientation.

A business can be classified as either *customer*-driven or *operations*-driven. It either attempts to serve primarily the customer, thus being *customer*-driven, or it primarily serves itself, thus being *operations*-driven.

Think back on some of your recent experiences as a customer with various businesses. As you read through the following brief descriptions, notice the differences between the operations-driven or customer-driven companies' approaches:

The operations-driven business tends to be *internally* focused, always looking inside their business for ways to make things easier for the employees. This type of business creates systems and procedures to protect themselves from the outside world. The customer-driven business, on the other hand, is *externally* focused, always looking for ways to make things easier for its customers. Such a business creates policies and procedures that are advantageous or friendly to its customers.

The operations-driven mentality is "How can we *sell* something?" and thus uses a product/feature focus. The customer-driven mentality, on the other hand, is "How can we *help* people?" using instead a customer/benefit focus.

Operations-driven employees seem to say, "If it weren't for all of these customers, we could get our job done!" In contrast, the customer-driven employees seem to say, "If it weren't for our customers, we wouldn't have a job!"

Operations-driven companies have their eye solely on the bottom line, while customer-driven companies keep an eye on the customer.

Years ago, before the "information age," companies truly differentiated themselves with their products. For example, think about how different cars looked back in the 50's compared with those of today. In today's business environment, however, technology is duplicated

so quickly that most products are very much alike, regardless of the brand. Such similarity reduces most products to a commodity status. Consequently, the only real way for a business to set itself and its product above and apart from its competitors is through *customer*-driven orientation.

In an economic downturn, it is the customer-driven business that survives. Why? Because it looks at how it can create a competitive advantage and uniqueness so that people will want to do business with them. It knows that people will be willing to pay more for goods

or services if they are getting more value. In contrast, the operations-driven business focuses on what costs can be cut. As the company slashes and cuts, service declines. The market then responds with less business. As business goes down, so do the revenues.

Understanding these basic differences between an operations-driven and a customer-driven business is essential if a positive change toward customer-driven service is to be made. The chart below gives you a summary of these basic differences.

THE OPERATIONS-DRIVEN BUSINESS VS. THE CUSTOMER-DRIVEN BUSINESS

Operations-Driven Business		Customer-Driven Business
- Serves the business	Orientation	- Serves the customer
INTERNAL -Consistently looks for ways to make things easier for its employees. -Creates systems and procedures to protect itself.	Focus	EXTERNAL -Consistently looks for ways to make things easier for its customers. - Sets policies and procedures that are advantageous/friendly to its customers.
Product/Feature	Sales Focus	Customer/Benefit
"How can we sell something?"	Mentality	"How can we help people?"
"If it weren't for all of these customers, we could get the job done!"	Attitude	"If it weren't for our customers, we wouldn't have a job!"
CUT BACK -Focuses on how to cut costs	Reaction to an Economic Downturn	ENHANCE - Attempts to create an even greater competitive advantage and uniqueness.

Moments of Misery vs. Moments of Magic

In 1981, Jan Carlzon took over as chairman of one of Europe's most poorly rated airlines, Scandinavian Airline Systems (SAS). Carlzon quickly implemented many changes, the most important of which was to manage the interactions that SAS employees had with its customers.

In 1987, *Carlzon wrote a book entitled, Moments of Truth*, in which he said, "Last year, each of our 10 million customers came in contact with approximately five SAS employees, and this contact lasted an average of 15 seconds each time. Thus, SAS is 'created' in the minds of our customers 50 million times a year, 15 seconds at a time. These 50 million 'moments of truth' are the moments that ultimately determine whether SAS will succeed or fail as a company."

Carlzon hit upon a concept that is simple yet profound. Every single contact between any employee and a customer is an important contact, regardless of its length or content. The term "Moment of Truth" describes a contact that is neutral in nature.

As we all know, however, there are other kinds of interactions between employees and customers. "Moments of Misery" describe interactions that have negative outcomes. A "Moment of Magic" is an interaction that exceeds the expectations of your customer and leaves him/her with a positive impression.

Moments of misery are a fact of life because people and companies are not perfect. Mistakes happen, which is unfortunate, because research has shown that customers tell an average of 20 people about moments of misery; but they tell only ten people about moments of magic. To break even, therefore, you have to create twice as many moments of magic. Of course, the point is not to stay even; it is to stay ahead by managing interactions and making them moments of magic.

How are moments of magic consistently achieved? The bottom-line answer is that a company has to be customer-driven versus operations-driven, where it puts the needs of its customers first. An operations-driven company puts its needs, policies, and procedures first. A customer-driven company may bend its own rules to please its customers. An operations-driven company uses its policy manual as its bible and will, if necessary, disappoint customers by invoking the most igno-

rant excuse on the face of the earth: "I'm sorry, it's against company policy."

Converting Customers into Apostles

Exceptionally strong intimacy with the customer characterizes the apostle stair of customer loyalty. Creating apostles should be the highest goal of customer development. Apostles will do more for your organization through their good will and word of mouth than almost any other form of marketing or sales. Smart companies look to double the number of apostles each year by moving prospects, sales, and customers up the stairs of customer loyalty.

Apostle-Driven

Companies that become "Apostle-Driven" are those which do not constantly have to dedicate limited resources of time and money to always finding new customers. Their Apostles accomplish this task for them. Such leading companies, of which there are far too few, are the ones that will dominate their industries now and well into the new century.

The Stairs of Customer Loyalty shows you how to consciously shape a plan for developing your customer relationship skills in a more congruent manner and is a benchmark in fostering and promoting permanent customer relationships for businesses of all sizes. *The Stairs of Customer Loyalty* helps you recognize the wide range of challenges facing your company today and provides the skills indispensable for overcoming them so you can achieve the critical relationships needed to survive and thrive in the new millennium.



Tony Alessandra, PhD, CSP, CPAE

Building Customers, Relationships, and the Bottom Line

Dr. Tony Alessandra helps companies build customers, relationships, and the bottom line. Companies learn how to achieve market dominance through specific strategies designed to out market, outsell, and out service the competition.

Dr. Alessandra has a street-wise, college-smart perspective on business, having fought his way out of NYC to eventually realize success as a graduate professor of marketing, an entrepreneur, a business author, and a keynote speaker. He earned his MBA from the University of Connecticut and his PhD in marketing from Georgia State University.

Dr. Alessandra is president of **Online Assessments** (www.OnlineAC.com), a company that offers online assessments and tests; co-founder of **MentorU.com**, an online e-Learning company; and Chairman of the Board of **BrainX**, a company that offers online digital accelerated learning programs.

Dr. Alessandra is a widely published author with 14 books translated into 17 foreign languages, including **Charisma** (Warner Books, 1998); **The Platinum Rule** (Warner Books, 1996); **Collaborative Selling** (John Wiley & Sons, 1993); and **Communicating at Work** (Fireside/Simon & Schuster, 1993). He is featured in over 50 audio/video programs and films, including **Relationship Strategies** (American Media); **The Dynamics of Effective Listening** (Nightingale-Conant); and **Non-Manipulative Selling** (Walt Disney). He is also the originator of the internationally-recognized behavioral style assessment tool **The Platinum Rule™** (www.PlatinumRule.com).

Recognized by *Meetings & Conventions Magazine* as "one of America's most electrifying speakers," Dr. Alessandra was inducted into the Speakers Hall of Fame in 1985. He is also a member of the Speakers Roundtable, a group of 20 of the world's top professional speakers. Tony's polished style, powerful message, and proven ability as a consummate business strategist consistently earns rave reviews.

To learn more about Dr. Alessandra and his services, visit www.Alessandra.com.

Other products from Dr. Tony Alessandra

Email Series

The Platinum Rule 52-week Email Series

Sales Skills 52-week Email Series

Videos

Astounding Customer Service Complete DVD Package

The Platinum Rule Two-Hour DVD

The Platinum Rule Video Training

CDs

10 Qualities of Charismatic People

CD Version

New Relationship Strategies CD version

Secrets of Ten Great Geniuses CD Version

MP3s

Alessandra on Collaborative Selling

downloadable mp3

Alessandra on Customer Driven Service

downloadable mp3

Alessandra on Nonverbal Communication

downloadable mp3

Alessandra on Platinum Rule

downloadable mp3

Alessandra on The Power of Listening

downloadable mp3

Astounding Customer Service

downloadable mp3

Dynamics of Effective Listening

downloadable mp3

How to Gain Power and Influence

with People downloadble mp3

Mastering Your Message downloadble mp3

New Relationship Strategies downloadable mp3

Non-Manipulative Selling downloadable mp3

PeopleSmart downloadable mp3

Simplicity downloadable mp3

The Edge downloadable mp3

Powerful Presentation Skills downloadable mp3

Resolving Conflict downloadable mp3

eWorkbooks

Cross-Selling 25-page PDF eWorkbook

The Platinum Rule 50-page PDF eWorkbook

Power of Listening 54-page PDF eWorkbook

Goal Setting Strategies 38-page PDF eWorkbook

Customer Driven Service 53-page PDF eWorkbook

Charisma 35-page PDF eWorkbook

Time Management 37-page PDF eWorkbook

Flexibility 25-page PDFeWorkbook

Paper versions

The Platinum Rule Workbook

Paper Version

The Platinum Rule Self-Assessment

Paper Version

The Platinum Rule Scoring Matrix

Paper Version

eReports

Conducting Powerful Meetings 33-page PDF eReport

Time Management 37-page PDF eReport

Using Space and Time 15-page PDF eReport

Versatility 27-page PDF eReport

Writing Skills 24-page PDF eReport

Telephone Skills 8-page PDF eReport

Resolving Conflict 23-page PDF eReport

Presentation Skills 19-page PDF eReport

Speaking With Authority 17-page PDF eReport

Sending Out Your Best Silent Message 19-page PDF eReport

Personality Chemistry: Preventing Conflict at Work 13-page PDF eReport

Nonverbal Communication 10-page PDF eReport

Maximizing Your Adaptability 20-page PDF eReport

Listening Attentively 14-page PDF eReport

Interpersonal Communication 37-page PDF eReport

Expanding Your Vision and Ideas 14-page PDF eReport

Flexibility 25-page PDF eReport

Becoming More Persuasive 13-page PDF eReport

Conducting Powerful Meetings 33-page PDF eReport

The Art of Asking Questions 8-page PDF eReport

The Art of Communicating at Work: Making Sure with Feedback 10-page PDF eReport

eBooks

The Platinum Rule 163-page PDF eBook

The Platinum Rule® for Sales Mastery 118-page eBook

Street Smarts 75-page PDF eBook

PeopleSmart 269-page PDF eBook

Non-Manipulative Selling 179-page PDF eBook

Collaborative Selling 133-page PDF eBook

Assessment Tools

Online Assessment Tools

Platinum Rule Assessment

True Colors Assessment

Leadership Assessment

Listening Assessment

Sales Effectiveness Assessment

Social Styles Assessment

Time Management Assessment

Paper Assessment Tools

The Platinum Rule Self-Assessment

The Platinum Rule Observer Assessment

The Platinum Rule Scoring Matrix

Platinum Rule Reminder Card

Other Alessandra Products

The Platinum Rule Reminder Card

The Platinum Rule Training Student Kit

The Platinum Rule BrainX Digital Learning System (Software)

Dr. Alessandra's company, Platinum Rule Group LLC, offers seminars, workshops, and on-site training to corporations and organizations in the areas of sales, one-to-one marketing, customer service, and interpersonal relationships. For more information, call: 1-330-848-0444 x2 or email: info@PlatinumRuleGroup.com.

All rights reserved. No part of this book may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording or by any information storage and retrieval system, without written permission from the author, except for the inclusion of brief quotations in a review.

ISBN 13: 978-1-933631-65-3