



Leadership Competencies

Customer loyalty begins with the systems you establish

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Editor's Note: Part one of this article appears in the April issue of Office Technology magazine, which can be found on the BTA Web site, www.bta.org. In the April article, Smikle discussed loyalty from within a dealership. Before one can work on external customer loyalty, he (or she) needs to improve upon loyalty from within — employee loyalty.

Smikle also began to discuss the four competencies that enable a dealership to lead the charge to customer loyalty — reflective ability, measurement aptitude, committed connectedness and strategic focus. Reflective ability, covered in part one of this article, is the ability to look back and take inventory of successes and failures.

This month, Smikle's article continues with the final three competencies, beginning with measurement aptitude.

Measurement Aptitude

I am passionate about the importance of measurement. Measurement aptitude is crucial to moving the dealership toward great customer relations. Measurement enables you to operate from facts, not fantasies. While there are external measures of service success, every dealership principal needs to know how to measure internally, analyze the results of those measures and report those results to stakeholders. Relying solely on external measurements is a mistake. As the leader, you need to have firsthand knowledge of how the customers perceive your dealership and the service that they receive. If you are lacking the ability to lead these assessments, hire an expert familiar with both quantitative and qualitative measurement.

Beginning with the rationale for regular measurement: In addition to moving the dealership from fantasy to reality, it is also a clear sign that senior leadership cares about how customers feel. It is a sign that there is a genuine interest in how customers are treated and what they think of the dealership. It is also a sign that the leadership is concerned about building strong relationships with customers.

There are many methods for measurement. The easiest one that should be happening all of the time is informal conversation. You need to be talking to everyone in the company, whether it is the service techs, the sales force or the administrative staff. Fluid communication will yield better internal relationships. By simply chatting with people, you will become



more approachable. If you are viewed as unapproachable, that perception will slowly but surely change.

Just as you will be using informal conversations to build bridges with staff, you will begin using them to connect with external customers. Get in the habit of talking to them when they come into the dealership. Replace the receptionist and answer the phones from time to time. You will become familiar with customers, their personnel and their ordering patterns.

Think about accompanying service techs and sales staff on their calls so that you can personally talk with customers. This enables you to put names with faces and it enables them to do the same. This will also help you begin building the communication channels discussed later in this article.

While talking with people is an excellent way to begin informal measurement, there is still a need for more formal tools. Of course there are surveys. Since most of us have been surveyed to death, I will not spend a lot of time on that measurement methodology. There is one important point though: Surveys must be tightly focused so that the data will be meaningful. This will also ensure that the instrument is brief. Remember, the longer the survey, the less likely that there will be a high number of respondents.

Focus groups are excellent tools for measuring the perceptions of internal and external customers. Use them to get a handle on the organizational climate. These structured

discussions with staff will reveal much about motivation and enthusiasm in the dealership. You will also get information on potential issues and problems that will surely impact service. Get a handle on these issues before they erupt. Once they erupt, customer relationships can be negatively impacted.

Focus groups are also great for learning about the needs, expectations and interests of external customers. These discussions give them a forum for letting you know how you measure up and what else they want. You may be thinking, "How in the world am I going to get customers to come to the dealership and participate in a focus group?" Food. Discounts. Gifts. Add a social element to the gathering. Provide incentives for participation. Be certain to invite a wide range of customers: the ones who order a lot and the ones who order a little; the ones who have sent compliments and the ones who have lodged complaints. If you only invite the smiling customers, you will not get the complete picture.

Committed Connectedness

Maintaining contact with customers does not happen by accident. It is not simply seeing them when they are on-site, mailing them literature and blasting them with e-mails. These are certainly forms of contact, but real connectedness is quite different. It requires a planned effort at building communication channels. These channels are used to facilitate vertical and horizontal information sharing. It is through the use of these channels that service providers stay abreast of customer needs.

Let us begin by defining a communication channel. This is the pipeline that carries information internally and externally. A working channel has a two-way communication flow; dealership principals talk to staff, customers and competitors. It is this flow of information that fuels the dealership with the competitive intelligence required to build customer loyalty. The channel does not begin and end at this most senior level. Instead, the leader's approach to maintaining dialogue is modeled throughout the entire organization. In other words, middle managers converse with service techs who also converse with administrative staff. These are not random chit-chat sessions. Rather, they are regular discussions of what is going on with different customers, what they may need and what is going on in the customers' businesses. This also promotes discussion of how new products, promotions and services can benefit specific customers.

There is another noteworthy aspect of a fully functional communication channel. Bad news is welcomed as readily as good

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news. Because the channel is used to gather and share information, it is unrealistic to think that every bit of information will make you giddy. A good channel also delivers bad news from customers, staff and competitors. That information is delivered in a timely manner without fear of recrimination. There are two tests of a leader's ability to build strong, well-used communication channels:

- Are people willing to deliver bad news when it happens?
- Do they deliver that information with candor and without censorship?

Communication channels are the essential element of committed connectedness. It is through these well-honed information-sharing mechanisms that leaders are able to stay close to the customer. These channels also enable leaders to stay close to the service providers who have daily customer contact. Whether that front-line person is a service tech, a secretary or a salesperson, they possess unique perspectives on customer needs.

There is more to committed connectedness than a strong communication channel. Connectedness relies on formal and informal touch-points. Informal touch-points include the face-to-face conversations that should happen every day in the dealership. These are conversations with each and every person who touches the customer. As mentioned in the previous section, hearing from the front-line folks on a regular basis enables you to gather valuable point-of-service data. You, as the principal, know what is going on as it happens. These informal touches model the kind of communication expected from every service provider. They, too, should be having regular conversations with customers who call, visit or e-mail. The conversations must focus on more than the transaction at hand.

The goal is to move past a transactional approach to sales and service. What you actually want is a relational approach. That relational approach is spawned internally with the relationships built daily in the dealership. It is this relational approach that leads to customer loyalty. It is more natural for customers to feel committed to organizations that treat them as individuals, understand their businesses and respect them enough to solicit their opinions.

Formal touch-points include scheduled visits to customer locales. Even if your customers are far-flung in vast geographic areas, it is worth the effort to come to their place of business. This enables you to have more meaningful conversations about how they do what they do. Being well-informed helps you to cultivate the type of strong connections required to

foster customer loyalty.

Another formal touch-point comes from volunteering to provide your expertise at your customers' industry events. You may speak at a convention, provide demonstrations at regional tradeshow or offer workshops at local events. These activities solidify your position as an expert. They also bring you in touch with even more prospects.

Whatever methods you use to stay connected, use them consistently. Committed connectedness is maintained through regular contact. Scattered, uneven contact is as valuable as no contact at all. Be willing to try different methods to stay in touch with staff and customers. Stick with the ones that yield the most information. Be careful not to allow your methods of connection to get stale. Seek ideas about ways to create new touch-points. Any useful ideas that keep you close to the customer will take you closer to building the profitable loyalty necessary to flourish.

Strategic Focus

Strategy is the underpinning of any successful business. Definitive, purposeful strategy answers three critical questions:

- Why are we in business?
- Where do we intend to be in the next three to five years?
- How, on a macro level, do we plan to reach our strategic objectives?

Strategic focus is the arrow that points you to the destination. While profit is certainly the destination, customer loyalty is at the same map coordinate. Strategic focus is the force that fuels the constant drive to these twin destinations. It is this strategic intent (with great attention to building customer loyalty) that keeps the dealership at maximum productivity and maximum profitability.

Strategy without links to customer satisfaction will not deliver customer loyalty. When devising the business tactics that form your overall strategy, it is essential to intertwine tactics with your service philosophy. While you may be interested in customer loyalty, you do not become fully committed until it is at the core of both your strategy and your modus operandi. This connectedness is accomplished in three ways:

- When developing or revising your strategic plan, determine your long- and short-term objectives related to customer satisfaction. Those objectives cannot be formed in isolation. They must be devised to coordinate with each of the other business objectives.
- Develop monitoring and evaluation methods specifically

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for the service-related objectives. Just as revenue targets enable you to stay on track with fiscal progress, you need to build mechanisms for ongoing evaluation to determine progress toward customer loyalty.

- Require senior managers to create strategic objectives for their business units. Those objectives push the emphasis on customer satisfaction further down in the

organization. They also keep senior managers attentive to their roles and responsibilities related to delivering customer loyalty.

A word of caution about developing or revising a strategic plan: Many organizations spend more time and energy developing a plan than they do working toward goals. Senior managers go on countless retreats. These well-meaning managers wordsmith prosaic documents that say absolutely nothing. Get to the bottom-line. Deal with the three critical questions mentioned above. Create a macro-level game plan that is both realistic and challenging at the same time. Do not get bogged down in minutia. Do not get wrapped up in how each objective is going to be implemented on the front-line. Instead, define gross parameters. Allow department heads to work with their staff to make the objectives real.

Another word of caution: Strategic plans do not need to be re-written or revised every year. Stay the course on the plan that you have created, assuming that it is a solid plan that makes sense for your unique business environment. Invest energy tracking progress. If a company vacillates annually on the details of the strategic plan, sustainable momentum is both impossible and improbable. Momentum is key to strategic focus. It is what keeps everyone engaged and interested in processes that build customer loyalty.

Summary

Customer loyalty does not begin with the customer. Instead it begins with the systems that you, as the dealer principal, establish. Customer loyalty positively impacts revenue, reputation, recruitment and retention. It is not magically created. It is the result of diligence, patience and continuous professional development. The leadership competencies discussed in this article, consistently applied, will take you from talking about customer loyalty to actually building it. ■

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