



## Manager's Tools: Newsletter

### The secret to getting more customers and more happiness

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**Loyalty. We treasure it in our friends. We rely on it in with our customers. And our success, both personally and professionally, is dependent on it.**

**As managers, we all know our success depends on building strong, long-term relationships with our customers while getting the best out of the people in our care. Multi-award winning researchers Timothy Keiningham and Lerzan Aksoy have found the glue that binds employee and customer relationships together is loyalty.**

In their new book *Why Loyalty Matters*, these Ph.D. experts have found that a whopping nine out of 10 of us believe our workplace doesn't instill loyalty. That's frightening—only one person in 10 feels a strong connection to the company where they work, to their peers at work, and even to the people who report directly to them. The data suggests most of us give only as good as we get. In other words, most of us give back an equal level of loyalty to the amount we believe our companies or managers show to us.

The costs of this breakdown in company-employee loyalty are enormous. For organizations, lower productivity and higher turnover are just the tip of the iceberg. Keiningham and Aksoy also found employee disloyalty directly impacts the customer experience, lowering client satisfaction and loyalty, and ultimately their spending. The costs to us as individuals are no less serious. Our work directly impacts our happiness. If we are unhappy at work, it is almost certain that we will be unhappy in life.

We concur with the authors when they report the most important element in our happiness at work is in our connections with others—bosses, co-workers, and other associates and clients. But less than five percent of us—fewer than 1 in 20—invest a great deal of time building and sustaining relationships with our colleagues at work.

On the positive side, what Keiningham and Aksoy found to improve this warms our hearts. The most important element in building and sustaining relationships at work is something each of us is capable of doing—showing appreciation. Want to develop employee loyalty? Then understand that recognition of great work is far more important, the authors say, than even money. And it reaps far greater benefits. Their new research shows the best teams are built on relationships and recognition—not by assembling a team of individual stars.

Say the authors, “The idea that something so simple can have such a tremendous impact sounds too good to be true. But this isn't just a platitude. We carried out the most comprehensive study of loyalty ever conducted, and our research proves it. Building a loyalty driven organization accelerates business results. And loyalty is driven in large part by appreciation.”

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