



# Customer Loyalty Begins with Employee Loyalty

## Repeat Customers Begin with Employees Who Care

Attracting and retaining customers is essential for any business. In fact, it is so important that in recent years, customer loyalty has been elevated to the level of strategic initiative for many organizations. Loyal customers stay with your organization and continue to buy your products or services over a long period of time. They also promote your company through word of mouth and social media – frequently without being asked.

Customer loyalty begins with employee loyalty. Each worker has the opportunity to influence customer loyalty with every interaction. A positive experience or a negative one will absolutely impact how a customer feels about the company. When employees are more loyal to their company, they tend to have much more positive interactions with customers.

Employee loyalty can be defined as employees being committed to the success of the organization and believing that working for the organization is a positive thing for them personally. It is not about employee tenure. It is about believing in the organization and wanting to contribute to its success. The loyalty (or lack thereof) of your employees is visible to your customers. Customer loyalty is higher when employees show their pride, commitment and loyalty to their employers.

Loyal employees have great value, beyond nurturing more loyal customers. Finding and

developing strong employees is a costly, time consuming endeavor. Research varies, but several suggest the following:

- The cost to replace a hourly employee can be anywhere from 35% to 50% of their annual salary
- The cost to replace a professional staff person can be as much as 125% of their annual salary

There are several steps you can take to foster employee loyalty:

- Be open and honest – Share your company’s mission, vision and values; share your strategic plan and annual goals. If employees know where the company is going they will usually want to help make that happen.
- Listen to ideas and feedback – Employees are in direct daily contact with both your customers and the behind-the-scenes processes and procedures that make your company run. There are endless examples of employee ideas improving processes or operations and saving thousands or even millions of dollars.
- Walk your talk – As a leader, model the behavior you want from others. Treat all employees with respect and share information that will help them do their jobs better. Many business leaders hesitate to share company challenges with employees to avoid negatives, but if they do, it is likely their employees will work harder to solve the issues. Openness breeds loyalty and loyal employees make more positive contributions.



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- Measure employee loyalty - This can be measured, just as customer loyalty can be measured. As with any endeavor, it is important to know the starting point if you are to move forward to an improved result. If you do not already have a way to measure employee loyalty, develop one or seek assistance from a professional. Once employees share their thoughts and insights with you, it is easier to make strategic decisions that will continue to foster employee loyalty.

Perhaps the statement, “your people are your greatest asset” is overused, but it is also true. They are the key to moving your company forward. Loyal employees nurture loyal customers, which create a strategic advantage over the competition – an advantage that can help you meet your goals and improve your performance, and that’s the bottom line.

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