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## Loyal Employees-Loyal Customers

George Washington believed that his continental army officers should have the following traits: character, professional ability, integrity, prudence and last but not the least, loyalty. This is not just true for military people, but also for people in the business world and in fact in any professional endeavor. Reflecting on the above traits, it is clear that the first four will lead to the fifth—loyalty. It is hard to imagine that consumers might want to buy insurance, automobiles, appliances or airline tickets, for example, from companies where professional competence, good judgment, ethical behavior and dependable performance is questionable. Great companies have character and integrity and they have leaders and employees with good judgment and professional ability. With that knowledge, customers' loyalty is virtually assured and sustainability is inevitable, says General Robert T Heres, USAF (Rtd.) in his famous book, *Customer Loyalty: How to Earn It and Keep It*. In this issue, Dr. Stephanie Jones tells the stories of organizations which have successfully nurtured loyalty by creating strong customer attachment and cultivating repeat patronage; organizations with character, integrity and competence. Successful organizations are pioneers when it comes to treating customers as loyal family members. Ronald J Burke suggests the following: Hire nice people, treat them well, encourage them to bind emotionally with the company, train front line staff continually and equip front line staff with the best technology. According to him, putting employees first and customers second will cultivate a culture of loyalty in organizations.

Prof. Colin Coulson-Thomas says corporate success depends critically upon mutually beneficial relationships with key groups of stakeholders: customers, employees, investors, suppliers, business partners and local communities. There are two sides to a relationship and to engender loyalty, each has to understand the aspirations, intentions and concerns of the other. Modern corporations are essentially networks of relationships based upon trust. When a reputation for fair dealing and accurate reporting is compromised, the consequences can be disastrous. Colin Coulson-Thomas' example of the sudden demise of the *News of the World* newspaper after 168 years of existence, despite 7.5 million previously loyal readers, shows what can happen when there is breakdown of trust. One after another, leading companies canceled their advertisement bookings with the newspaper.

C-suite executives worldwide cite customer loyalty as their most important strategic objective, spending billions of dollars to hold on to their customers. Customer loyalty is vital. Everyone agrees to that. So we have thousands of books focusing on it. The ugly truth about customer loyalty is that almost everything we've been told is wrong. Most popular loyalty maxims are based on faulty data. For example, all customers become more valuable over time is a half-truth. Such half-truths should be avoided to leverage your customer loyalty for maximum profit.

Customer loyalty is an important factor in the success of any business. But by overemphasizing it, many businesses have failed to realize their full potential. Businesses can go wrong in adopting an unquestioned mantra—"customer loyalty is all that counts."

Let us begin our journey towards understanding 'Loyal Employees-Loyal Customers' with the classic example of Harley-Davidson which celebrated its hundredth birthday in 2003. Harley Davidson's customers are loyal. Once they become HOGs (Harley Owners Group members), they stay HOGs. That speaks volumes about the values of Harley Davidson employees as well as its customers.

**Dr. Nagendra V Chowdary**

# An Outsider's Perspective on Enabling Organizational and Customer Loyalty Through Appreciative Insights

Mohit (Max) Bhanabhai\*

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*Today, more than 85% of a typical S&P 500 company's market value is the result of intangible assets. For many companies, the bulk of these intangible assets is its people, its human capital. It is no longer what you own that counts but what you know...*

– **Criag Symons,**  
Forrester Research.

*You can lead a horse to water – but you can't make it drink.*

– **Wills,**  
English Teacher,  
Homebush Boys High School.

Richard Branson in his autobiography, 'Loosing My Virginity', establishes the imperative for not only risk taking but how individuals should adopt good habits such as note-taking, staying in tune with the latest trends and facts and trusting their intuition in an everlasting pursuit of happiness—whatever that may be!

In this light, something which has intrigued me over the years is, adding value into organizational systems not through intervention

but by the notions of 'Appreciative Inquiry'—coined by David Cooperrider—which is agreeably called a mode of thinking which inverts its focus from quantitative to qualitative mechanics that govern the majority of initiatives that are central to a major strategic imperative or innovation agenda in any company and which channels and capitalizes on these mindsets and/or radical toolsets that can be used hand in hand to fuel insights and feedback mechanisms to create powerful points of reference in the face of dynamic industry change.

A lot has been said about appreciative enquiry in the existing literature from the *Harvard Business Review* series which are written mostly by experienced professionals and/or highly developed academics spanning the very fields of strategic and corporate management with a congruent focus on discerning toolsets which empower not only corporate magnates but also a new generation of worker who is quite intelligently in-tune with techno-structural change and is endemically loyal to their very own career pathways or efforts in lifestyle choices that collectively define their innate abilities and skillsets.

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With varying economic and business cycles globally and the deflection of income levels that primarily segment markets into the mass or a niche that create opportunities for firms to connect and subsequently engineer their products or services—regardless of strategic position—requires a radical new approach that extrapolates the contestable markets theory into new and emerging frontiers of innovation and customer experiences to achieve rejuvenation in the value chain. These types of innovations are cleverly described by Clayton Christensen as ‘disruptive innovations’ which are essentially phenomena by which processes, products or service(s) initially accommodate simple applications at the very bottom of the market pyramid but then—through the forces of change—relentlessly move ‘up market’ to replace established competitors at full velocity.

To create the mode of thinking to accommodate the flow of information that is evidently abstractions and articulations, is often very useful as a means to not only inspire the type of humor Richard Branson had in his success story but also provoke scientific enquiry into technical issues that could have been overlooked and which could be quite serious to the business agenda!

Sometime ago when I was a subscriber to the *Business Review Weekly* magazine in Australia, I also received a complementary innovation toolkit (with the courtesy of Peter Roberts: Managing Editor) in the form of cards in which one of them asks you to ponder as to what type of car would match your organization and what part of it would you admire the most? Would you like to emulate it and what would stop you from doing so?

The corporate imperative for developing a sense of brand loyalty or cohesiveness amongst employees has been witnessed here in Australia through my own appreciative insights not only

through educational and commercial institutions but with informal organizations such as task forces or niche community groups which often emanate to deliver purposeful and meaningful ideas and visions that bind together participants heavily dedicated to the cause—a fundamental and archetypal method used to create the sense of belonging that accompanies powerful visions.

A practical example which originates from one of my first commercial endeavors in the student-education spectrum was through the leaders’ utilization of separate business identities—commonly known in Australia as Australian Business Numbers—to not only take responsibility of generating their own income flow in tandem with the provision of tutoring services, but also ensuring they were committed to the prime purpose or value proposition which provided enough stimulus (through a portfolio of high school students studying the HSC) to implement a continual learning strategy in the face of (a) competitive rivals in the same space and (b) ever-increasing demand for the provision of such services which are critical to boosting the level of qualitative knowledge in an economy and which, through the principles of microeconomics in knowledge-based economies, enables the proliferation of explicit knowledge to be utilized in the prospective employment spectrum. In regards to the legal business nomenclature, this could be attributed as a kind of ‘subletting’ model that doesn’t only have functional tax benefits but signifies a success model of how a small, boutique-based and highly capable tutoring center was able to foster an environment for loyalty to the principal and core services provided which also translated into a sense of belonging within the center for its customers who were nurtured and developed in what can be appropriated as the ‘evangelist principle’ in marketing by also integrating modes of subsistence into its very

own operating model and taming itself to mimic centers of excellence.

This type of activity validates reasonings behind organizational endeavors to tap into knowledge centers such as universities or technical training institutions for the purpose of driving not only brand awareness to invite and enable psychological arousal but also to impart strong messages about how their corporation is coping in this very environment of fragmentation of needs and wants and economic cycles which altogether creates what Linda Richardson—a highly acclaimed sales process writer—attributes as a forum of ‘interactive dialogue’ for the purpose of not only attracting talent but also inciting the very epidemics that evangelist marketing brings. A good example of this was when Macquarie Bank hosted an event at a Sydney-based hotel with a senior and junior representative sharing their experiences and flaunting the organizational excellence at a group including but not limited to penultimate students. Whilst it was all good to listen to, during question time, there were hardly any thought-provokers when I decided to unleash notes I had been taking throughout the course of this presentation by asking some serious questions about knowledge management platforms and the opportunity to be involved with cross-functional projects even if you are first placed in ‘front line or service delivery’ operations. The response I got wasn’t quite what I expected but which really now makes sense considering that even “talking to co-workers at Google can get you fired” as they may have gathered the wrong intention for your solicitation—even if it was some kind of ‘appreciative insight’—which could have potentially propelled the strategic agenda of the organization in the first place.

These kind of mindsets epitomise what Richard Hames—a corporate philosopher, author and futurist from the Hames Group—signifies as the

‘strategic design laboratory and thinktank’ advantage which is a powerful tool to understand two primeval concepts in Keynesian Economics known as allocative and dynamic efficiency and how they can be used as a focal point to delineate two conundrums facing every organization in the economic landscape. Allocative efficiency is the manner in which markets coalesce through simple demand and supply equations wherein dynamic efficiency tests relate to the ability of pursuits to capture and mostly accommodate product and service needs for end-users.

With the natural life-cycle of small businesses failing to reach renewal due to external factors that often impede on its succession or continuity factors; rejuvenation of strategies is required to achieve a rebalancing of competing interests or conflicts that face the founder—something that is quite often achieved by thinking of a business idea or strategy as an operation and in which one has to take the radical view of a ‘pre-mortem’ to identify not what elements are critical success factors to success but which would definitely ensure the idea or strategy will not work! This type of thinking derives itself partly from the notions of intervention asserted by Professor Edgar H Schein in his excellent research paper titled “Kurt Lewin’s Change Theory in the Field and in the Classroom: Notes Towards a Model of Managed Learning” and from what legendary corporate strategist Michael Porter devised in his framework for assessing barriers to entry in competitive markets.

Building on this voracious appetite of appreciative enquiry enables the creation of insights fueled through experiences that not only enable value-laden understanding of situations facing the individual but also allowing them to fortify a sense of belonging or purpose that is a key enabler for motivation.☺

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# Case Folio

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