

## People - Your Best Insurance

By [Rob Rush](#), CEO, LRA Worldwide



There was a time not so long ago when the DJIA was relentlessly climbing and every development deal was a good one, that a hotelier would have to engage in the old Cold War strategy of Mutually Assured Destruction (MAD) to compete. Just as the US and USSR stockpiled nuclear weapons to ensure they could destroy one another 57 times over, so did the aggressive hotelier equip his property with the latest and greatest in design, FF&E and amenities to keep up with the Joneses (or the Schragers).

In a booming economy, one purchased customer retention insurance with a healthy line of credit, an iPod docking alarm clock and a hot design team. This form of customer retention insurance was very tangible, very costly and, ironically, very easy to match.

Unlike the countless missile silos designed to blend into cornfields in Iowa and mountain ranges in Utah, these flourishes were put in place to attract attention and stick out. And if a competitor wanted to match 'em, they just had to take a look and pony up the dough.

With healthy lines of credit few and far between in the current economic climate, the customer retention insurance policy du jour has become a good deal less flamboyant but ultimately more difficult to duplicate. The currency required to purchase this insurance isn't dollars, euros or yen. It's flesh and blood.

Recession or bull market, boom or bust, people are always your best insurance policy against economic conditions, flat screen TVs or whatever other flavor of the month emerges designed to provide a short-term advantage. An investment in people pays off in ways that are imperceptible in a typical ROI calculation, imbuing your workforce with a sense of ownership and commitment that will make a difference when resources are scarce. (When's the last time a buckwheat pillow gave an extra effort?)

The underwriting process for this insurance policy doesn't involve an actuarial table or a medical exam, but a few key strategies for making your workforce your first line of defense against a receding customer base.

It's simple. Shower them with cash. (Joking)

Naturally, that's the knee-jerk fear of any discussion of this nature. If I can't afford to

buy fancy gadgets and install granite countertops in the bathroom, how can I afford to spend a few shekels on my people? If the previous free-spending era taught us anything, however, it's that money doesn't buy love, loyalty or commitment. In my mind, one of the great disservices in organizational development has been the eternal pairing of "reward" with "recognition." One inherently implies an appeal to the wallet; the other implies an appeal to professional pride.

While they can work in tandem quite nicely, my fear is that when "reward" isn't in the budget, recognition gets immediately dismissed as well. And that's a darn shame. Quite often, a truly effective recognition program produces a more emotional connection with an employee and requires investment in....a pen and a pad of paper. My colleague, Shannon Pruce, wrote about the potential impact of a simple, well-penned thank you note on customers and guests in the last issue of *The Loyalty Leader*, and the same concept applies to employees.

In the "new normal" that has accompanied the current precipitous economic conditions, perhaps it's time to reexamine th[e] arguably lost art [of note writing]. How... a real-time, hard-copy thank you note...can leave a notable impression (pun intended)<sup>1</sup>

If your employees are putting in extra time and effort, what sort of mileage do you think you would get out of a heartfelt thank you note. Forget about sending it to the employee; what about one to their spouse or child, telling them what an important and indispensable part of the operation their father/mother/husband/wife is and thanking them for sharing their loved one with you. Not revolutionary. Not fancy. Just meaningful. And you probably learned everything you need to know about writing a good thank you note after your 6th birthday party. Just replace "Thank You for the Power Rangers" with "Thank you for your husband" and you should be good to go. Aside from tugging on the heartstrings, this form of recognition also lets the employee know that their work is valued, which constantly surfaces as a key driver of employee engagement in most studies.

If you have an unnatural fear of writer's cramp, there are other low-cost and highly-effective ways to recognize your employees and turn them into your corporate customer retention insurance policy. My company visits and evaluates more than 12,000 hotels, resorts, airports, arenas, casinos, conference centers and restaurants a year, often assessing performance against a very structured set of predefined standards. Very rarely are we asked to identify and recognize individual associates who stand out from the pack, yet our consultants – who are essentially professional "customers" – are uniquely equipped to do so.

If you have existing programs in place designed to measure performance at the front line, don't be afraid to retrofit it as a multi-purpose tool to also help you celebrate your individual employees. And the standards for doing so needn't be cast in stone or overly rigorous – the key is to look for more opportunities to celebrate achievement, good service, great dental hygiene, a perfectly-poured draught beer, whatever. In the current economic environment, fun is at a premium, no level of the economic food chain is

immune, and there is no such thing as a “small” crisis when it’s your own. Your ability to infuse some level of fun and spontaneity into a universally anxious time will be noted and appreciated and doesn’t need to be expensive.

(Hmmm....what if you created a Polaroid display in an employee break room that was an homage to an “Employee of the Month” display, but instead pictured the aforementioned perfect draught beer of the month, showering acclaim on the employee who poured it. Don’t underestimate the power of the Polaroid to create some esprit de corps. And please ignore my fixation with beer – it’s summer, it’s hot and in case you hadn’t heard, there’s a recession going on.)

The bottom line is that when times are tough and customers have to make decisions – who gets my business today and when things turn around – those customers will ultimately gravitate to those companies where they have made a personal connection. And no fixture or amenity is capable of making a personal connection – it is strictly the domain of people. So invest in your people not necessarily with money, but with time, attention, creativity and caring. You’ll be paying the premium on the best customer retention insurance you can have in a recession - your people, who will keep some customers coming in bad times and inspire the others to return when things get better.

[1] [http://www.lraworldwide.com/newsletter-2009-Q2-Consultants\\_Corner.html](http://www.lraworldwide.com/newsletter-2009-Q2-Consultants_Corner.html)

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