



ROI: Return on the Individual “The Power of One”

Whether you are a “hands-on” or hands-off” independent franchise owner, chances are that your retail business may fit into this statistic: The average retail store loses over 1/3 (approximately 35%) of their customers annually. Just one lost customer obviously translates into lost sales. How much? That depends on your average customer “values”, but rest assure, it will also mean lost referral business that would have been generated by that customer. The loss of just one customer, in effect is exponential. If you lose your best (and least expensive) lead source- your loyal customer, then you are in a position to spend more money on marketing to help create new customers. The viscous cycle begins. What happens if you truly place a “value” on those potentially lost customers to begin with? Like the adage goes, “you don’t know what you’ve had until you’ve lost it”. Same is true of your loyal customers. Doing all that you can to keep customers (customer retention) will cost you less money in the long run, and will certainly help build your success in the future. Customer retention and getting referrals is a result of placing a “value” on people, not a monetary (dollars per transaction), but the value of true appreciation.

Your business (small or large), may have cutting edge products, newest technology, competitive prices, cool design, but it will not matter if you do not have loyal customers. The value that you place on people is independent of the type or size of your business, it is dependent on how you value the “power of one”- that one customer that you can’t afford to lose. A truly successful business places value on every customer because they know that it will form a relationship that yields long term results. Ads and promotions will come and go. Your faithful customers will always be there if you have taken the right steps to develop this relationship. You have already invested marketing dollars to attract these valuable assets, now you must do ALL that you can to keep them happy and coming back. This is not where you want to shave time or money. Do not underestimate the “power of one”. Invest wisely in your customers and your staff and you will realize your other ROI- Return on the Individual.

Training your staff as to your customers’ expectations and how your business values its customers, takes forethought, planning, communication, and follow-up. How you treat employees and customers is reflected in your company’s culture and dictates your reputation not only as a business but as an employer. Hire the best ambassadors (your Sales Associates), define clear expectations then train your heart out! The training rule: Show me, tell me, show me some more applies here. Your staff can never get enough reinforcement on this subject.

Start with the basics:

- **Define HOW you (the owner/ manager) expect your customers to be treated. Be specific.** This will be the foundation for your customer service culture. Use specific actions to describe this to your employees versus descriptive words. Phrases like “with respect” or “friendly service” do not really paint the picture. For example, say “I expect that you are aware of customers at all times and when someone is looking at a product with apparent confusion, you (the Sales Associate) would proactively ask, “I’d be happy to answer any questions that you may have about that widget”. This would be portrayed as a non-threatening, friendly, action oriented approach.
- **Recruit and hire ONLY the best staff with the best skill set** (not warm bodies that have flexible hours). Knowledge is necessary but can they communicate effectively? **It’s much easier to train on products than on how to interact with people.** Look at the whole package and don’t settle. These people are your Ambassadors of Customer Service. Think of them as your front line. They are the ones that will retain or lose the customer.
- **Outline your expectations by addressing them PERSONALLY- stay involved.** Reinforce their importance to you and the role that they play in customer retention. Be as specific as possible. Communicate clearly your expectations in any format as long as it addresses all points of contact that they will have with the customer. From telephone, to store greeting, to thanking them for their purchase and asking “please come again”. Tell them what you expect in various situations. Having staff that can apply your expectations in the “gray” areas is critical.
- **Train, role play, coach, train some more.** Again, be specific. Develop or review your training materials. Do they address customer service and retention? Do you have a new hire read it or do you really train it? Role play is an effective way to train as well as to see what the staff may say when you are not there. Do they feel comfortable? Are they quick to respond or do they hesitate? Are they shy about role playing? Hope not, they need to deal with people!
- **Check in with staff and customers frequently.** Whether your ownership is “hands-on” or not, make this a part of your policies and procedures. It’s not only to assess staff performance or customer satisfaction; you need to know if the “power-of-one” is being applied. Don’t rely on hearsay. Staff and customers should be trained to welcome your approach and your feedback. Ask customers and staff how you are doing. How can you better support them? What would they do to improve your operation? Mystery shoppers, customer surveys, focus groups are all effective in providing feedback, but you can obtain this just by engaging in conversation. You may uncover a critical point where a customer is the least bit dissatisfied; now, you can prevent the loss, retain the “power of one”, and save the impact of your ROI. Of course, address the employees immediately to coach, re-train or take corrective action if required. This result of checking in may point in the direction of evolution or need for change.

Just as you expect quality service from your Franchisor, placing value on your staff and your customers will create a positive culture and, it’s just good business practice! By showing people how much you value them will always set you apart from your competitors. It takes time and commitment. Maybe this is why it is so hard to find and why 1/3 of customers look elsewhere. Investing in gratitude costs nothing, but lost customers and unhappy staff can cost you your business. **Note: If researching a potential Franchise opportunity, make sure to determine HOW they value people and if they measure an ROI based on service? Their culture will be part of what you are purchasing.**

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