

Profitable relationships in business

Is the purpose of business to maximize profits? Or is the purpose of business to do good for customers, employees, partners and suppliers? No matter what personal opinion we might have it is the latter point of view which generates the big profits according to Frederick Reichheld in his new book *Loyalty Rules!*

Create the highest long-term profits by making everyone involved in a business a winner. This is Reichheld's thesis which he supports with research and examples from internationally well known companies such as Harley-Davidson, Cisco Systems and Dell Computer but also lesser known American companies like Southwest Airlines, Chick-fil-A (fast food restaurant), Enterprise Rent-A-Car, software company Intuit etc. By building long-term loyal relationships with everyone involved it is possible to find the perfect niche, reduce costs and increase *both* quality and service.

Loyalty is the best measure for the quality in your business relationships, according to Reichheld. Only openness, trust and honesty can create loyal relationships sustained through thick and thin.

Many economists hold the view that loyalty is an old-fashioned concept. Nothing could be further from the truth, according to Reichheld. Loyalty is more important than ever. Profitability within e-commerce is impossible without loyal customers and employees. The elusive nature of e-commerce requires even higher trust.

Here are some key points from Reichheld's work:

- To only measure profits is at best an ineffective and at worst a destructive way of managing a business. A better way to measure the effectiveness of a business is to measure customer loyalty, the number of customers retained by the end of the fiscal year.
- Finding new customers is expensive, especially in e-commerce. It is cheaper to sell more to existing customers. Customers who feel they are getting true value stay — and recruit new customers.
- One cannot ask for loyalty, one can only earn it through ones actions. Honesty and openness are paramount. There are no short cuts. Loyalty takes a long time to earn but can quickly be lost.
- The paradox is that a long-term profitability can only be attained if the relationships with everyone involved – employees, suppliers, customers, unions, and others – are given higher priority than short-term profits. Thus the ability to build long-term loyal business relationships become the most important leadership quality.

If you want more depth on this, *Loyalty Rules!* has a lot to offer. To a CEO, entrepreneur or stock broker the book should give a great return on the investment in both its price and the time to read it.

Best of luck!

Jonas Himmelstrand

Part one of this article with book information can be found at www.stratletter.com/460eng.html

How to meet your audience

Enthusiasm is one of the most important aspects of successful presentations. If you think your message is important and useful, say it both with your body and words.



Photo by Michael Steinberg

A Good Book

read by Jonas Himmelstrand

Life Lessons

Elisabeth Kübler-Ross and David Kessler, co-authored *Life lessons*. They both have a lot of experience working with terminally ill people. However, the book is about life. The authors describe how people close to death see their lives – what was important and what mattered less. *Life lessons* offers this wisdom to people with many more years to live.

I had the pleasure of listening to a lecture by Elisabeth Kübler-Ross in Stockholm in the late seventies. She shared her experience of listening to stories from dying people. We were at least 1500 people in the audience. Elisabeth Kübler-Ross did not put on a big show, but the presence in her voice was incredible. No one walked away untouched.

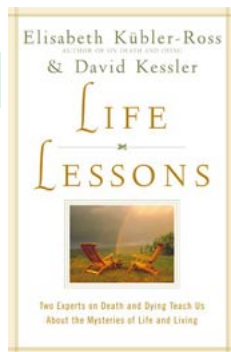
Life lessons is a very positive book of wisdom with stories told by people close to death. It covers themes like: being an authentic person; to love; the importance of relationships; the importance of loss; the importance of play; patience; and how to know when it is time to let go.

According to the authors, many things become unimportant as we review our life towards the end of it. They never heard anyone say on their death bed that they had wanted to work more overtime. Neither do they complain about lack of wealth, success or fame. What is important, though, is love. The authors' conclusion from listening to people close to death is that the most important thing in life is how much love we have given and received.

The authors' shared wealth of experience gives their message a lot of weight. *Life lessons* increases one's humbleness for life. Please do read it!

Elisabeth Kübler-Ross & David Kessler, *Life Lessons: Two Experts on Death and Dying Teach Us About the Mysteries of Life and Living*. Touchstone Books 2001. ISBN 0684870754. 224 pages.

This book can be ordered through your local bookstore or an Internet bookshop.



Give and take

Where do you draw the line between pushing through your own agenda and compromising with someone else who doesn't agree with you? If you don't stand by your ideas, beliefs and proposals you'll lose motivation, meaning and soon give up. If you push too hard for your ideas, however, you may end up simply pushing other people away and creating more and more conflicts.

Here are some tips about finding the right balance for this tough challenge:

- Like it or not you have to make priorities. Which ideas or proposals are most important to you and to the future of your organization? Choose one or two to push through instead of five or six. It's hard to be successful with all of your ideas. Focus on what's most important and you'll find it easier to focus other people's attention on that as well.
 - Present your ideas in a way that is easy for others to take in and accept. Does your group need to hear facts and statistics? Give them facts and statistics. Do they need emotional arguments? Give them that.
 - Prove and even demonstrate the greatest advantages of your proposal. That which is obvious to you, may not be obvious to others.
 - Observe how people consider your idea. Perhaps you can make a synthesis of your idea with someone else's. Let two ideas from different perspectives become one. That way more people are included.
 - Observe how your behaviour and your personal style are received. How you present your idea, with your body language and voice, are just as important as the content of your message. Sometimes it's hard to accept this fact, but unquestionably this is a factor you absolutely must consider. Get feedback from friends and colleagues whom you trust. How do your social skills and body language help you or hinder you?
 - Don't press the "prestige" button. Make sure none loses face.
 - Remember you can't always get your way. New opportunities will arise. Humbleness may help you in the long run.
- Best of luck! John Steinberg