

FOCUSING ON WHAT MATTERS

LEADERSHIP ADVISORY SERVICES

**TONY
CHIVINSKI**

2 Countryside Lane, Lititz, PA 17543

(717) 951-6500

mrc1@ptd.net (E-Mail)

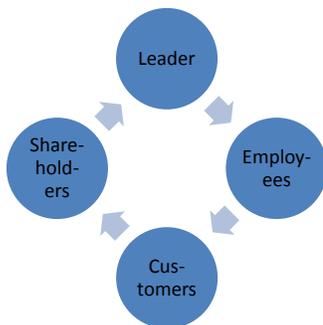
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Long Term Growth and Profitability

In the December newsletter, we talked about the 4 key factors affecting business success. One of the key factors dealt with strategy, plans and execution. In this newsletter we will talk about the concepts and strategies you should focus on to create long term growth and profitability.

The Circle of Life



One of the leaders' key responsibilities is to put in place the right people and engage them fully in delighting the customers. The customers reward the company through continued loyalty, rewarding the shareholders who in turn are pleased with the leader's performance. Long term growth and profitability comes from this flow. It does not come from

the arrows pointing in a different direction. So how do we delight the customers? How do we know it?



The Ultimate Question: Driving Good Profits and True Growth by Fred Reichheld

You can ask your customers/clients just one question that will help you determine whether you are delighting them and can expect loyalty in return as well as them telling others to buy from you. "How likely are you to recommend me/us to a colleague or friend?" The scale is 0 to 10, with 0 representing not likely at all, 5 being neutral and 10 being extremely likely. People rating you 0 to 6 are detractors, 7 and 8 are passively satisfied and 9 or 10's are promoters. The key indicator is your net promoter score. It is defined as the % of people rating you a 9 or 10 less the

% of people rating you 0 to 6. Many companies score 0%. Growth correlates with organizations that exceed 50% - Amazon, Costco, Harley Davidson, E Bay, and Vanguard.

Our goal is to eliminate the factors causing us to create detractors and put in place the activities and processes that create promoters.

If you are not familiar with this process or are not utilizing it and want to grow, please call!

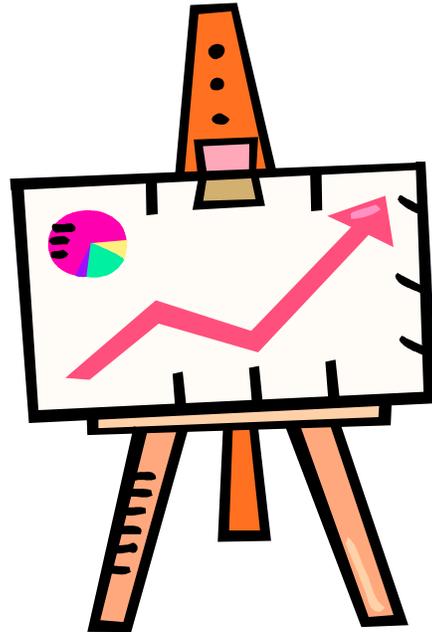
PS, if you aren't intrigued, here are some statistics:

- Promoters repurchase rate is 80!
- Efficient growth engines are when the score is 50% to 80%
- Depending on the company, a 5% improvement in customer retention can improve profits 25%
- Only 29% of employees are net promoters of their companies – can't have high customer numbers without high employee numbers!

The Art of Customer Service from a recent Disney Institute advertisement – key points:

- Clients look to differentiate themselves by transforming the organization's culture to make it more customer focused
- Hire based on the ability or desire to help customers
- In dealing with customers with an issue, all employees need to keep in mind – it may not be my fault, but it is my problem.
- Provide services customers don't yet expect. Example – If an employee sees a fan drop a

hot dog after being bumped by another fan, offer the fan a free replacement.



Most Admired Companies (and consequently more profitable than others)

What do the firms that came out of the recession on top have in common? They believe that people are their most important asset and live it. Some examples:

- Less likely to have laid people off
- Less likely to have cut or frozen wages
- Display a greater long term focus
- Focus particularly on making sure employees feel engaged by their work – they define, measure and hold managers accountable for it and connect it to the business objectives

Source: Opinion, Geoff Colvin – How Are Most Admired Companies Different? Fortune, March 22, 2010

Leadership Lessons from India

In the March issue of Harvard Business Review, there is an article evaluating leadership at the best Indian companies. Here is what they found:

- Drive performance by investing in people – this is their competitive advantage
- Take a long term view
- Create a sense of social mission
- Are transformational leaders encouraging employees to care about the goals of the organization
- Engage through transparency and accountability
- Empower through communications
- Invest in training

This is a really good article. Those of you who participate in the Best Places to Work won't find much new. Good for you!

Focus and a Bias for Action – A Sense of Urgency

Is this prevalent in your leadership style and the way your company operates? No? Why?

Outside, Independent Advisors on Your Board

Do you have any? Yes? Great! No? Unbelievable! Why?



Sweet Spot

Your strategic sweet spot is where your company's products, services and the way you deliver them meets your customers/clients wants and needs in a way your competitors can't. Do you have one? Can the key people and sales force elaborate on them clearly? Do these differentiators become apparent during the sales process? A great exercise is to have the right people in your company define this individually and then compare them! Perhaps there are opportunities to work on these areas to enhance your competitive advantage.

Revenues, Customer Service, Customer Feedback Loop, Sales Process, Engagement Interested? Check out the December 2009 newsletter

<http://www.leadershipadvisory.net/newsroom.html>