

"I LOVE YOU MORE THAN MY DOG"

Five Decisions that Drive
Extreme Customer Loyalty
in Good Times and Bad

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"I believe in this book!"

—from the foreword, COLLEEN BARRETT,
President Emeritus, Southwest Airlines

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Your Decisions Reveal

WHO YOU ARE *and* **WHAT YOU VALUE**

**It's not hard to make decisions when you know
what your values are.**

—ROY DISNEY

Beloved companies decide differently than everybody else. Acutely aware of how their every action impacts how customers feel and respond to them, they take the time to make purposeful decisions about the contacts they have with customers. Beloved companies make a choice. They actively decide to connect who they are as people with the decisions they make in how they run their business.

Intent and motivation guiding a decision's outcome set people—and companies—apart. And that intent and motivation tell a story, about the people behind the decision and about what is important to them. The common denominator among beloved companies is that they consistently find a way to weave their humanity into the way they make decisions. They never lose sight of the people impacted by them.

Customers admire the beloved companies for how they are *treated*, not for how they are *handled*. And they love these companies because of how they feel when they come into contact with them. The language on the packing slip seems as if an old friend wrote it, not a computer. The voice on the other end of the line asks about your mom for whom you're buying a sweater. And there's no "corporate" pomp when you walk in the door. How beloved companies make decisions inspires acts that transcend normal business practices to create an emotional connection with their customers.

Your Collective Decisions Reveal Who You Are and What You Value.

When you make a decision, it results in an action. And the accumulation of those decisions and actions become how people describe you and think of you. It becomes your “story.”

What is the story that the collective decisions of your organization are telling your customers, employees, and the marketplace? What’s important to you? Are your decisions reflecting what you intended and what your company stands for? Getting customers to love you begins with how you consider the people impacted by your decisions. You tell customers every day how much you honor them through how you direct decisions in one direction or another. And that’s what they play back to the masses. That’s what shows up on the Internet.

This book is filled with decisions made by beloved companies of every size and across many industries who earned the right to their customers’ stories. They are called *beloved* companies because of the emotional attachment customers have to them.

Common to all of these companies is the concentration, angst, and passion that they put into decision making. Suspending their fear that the dollars and cents won’t come swiftly enough, beloved companies decide to run their businesses with what each of us learned as kids—the Golden Rule. And as a result, as you will see in this book, they grow and prosper. Their customers who love them make them grow.

The Humanity in All of Us.

Every day we make a hundred decisions that mark our place in the universe. As individuals, our decisions create the paths of our lives: where we choose to go to school, the person we choose to date, how we decide to deal with adversity and people who do or do not agree with our point of view. All of these things define who we are. They nudge us along to who we become.

When we are young, we learn the Golden Rule. We wholeheartedly believe in it. We do our best to apply it in our lives. Then we strap it to our backs and take that belief with us into business.

The Golden Rule we learned as kids is believed to have always existed in some form. One of Homer's characters in *The Odyssey* said, "I will be as careful for you as I should be for myself in the same need." In the sixth century BCE, Confucius said, "One should not extend harm to others which one would not wish for one's self." The Torah cites, "Love thy neighbor as thyself." In Islam, Mohammed's Farewell Sermon delivers, "Hurt no one so that no one may hurt you." Matthew 7:12 from the Bible gives us "Do to others what you would have them do to you."

The decisions we make in our business lives measure the depth of our humanity—our ability to apply that simple Golden Rule. How we choose to correct something that goes wrong, how steadfast we are in delivering the goods, ensuring quality, and giving people what they need to do these things all expose what we value. The actions that tumble from these decisions expose the kind of people we are.

As we experience companies throughout our lives as both customers and employees, why do we feel so connected to some and distanced from others? Does how we feel about companies relate to our natural desire to follow the Golden Rule? When a company makes genuine

attempts to do the right thing, does this draw us to them?

**"When we are young,
we learn the Golden Rule. . . .**

**"Then we strap to our backs
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As it turns out, there is a connection. Donald Pfaff, who heads the Laboratory of Neurobiology and Behavior at Rockefeller University, and is the author of *The Neuroscience of Fair Play: Why We (Usually) Follow*

the Golden Rule, has proven that we are naturally programmed to treat others as we'd like to be treated ourselves.

We are programmed to care. We naturally want to do the right thing. As employees, we are drawn to companies that allow us to do so. As customers, we become emotionally attached to companies who consider our lives when they make decisions.

Pfaff's findings tell us altruism is a hardwired function of the human brain. We take altruistic actions because a neural mechanism leads us naturally down this path. This creates a tendency for serving the best interest of others. It's our internal wiring for being

empathetic—for treating others like we’d like to be treated ourselves. Pfaff tells the story of a man who saw someone fall onto the tracks of a New York City subway. On instinct, he jumped into the well of the tracks, hoisted the stranger onto his back, and carried him to the edge of the platform to be lifted out. Why did he do it? What made him risk his life for someone he did not know? He did what came naturally. His actions were congruent with his instinct to jump in and save the man stranded in the tracks. He was programmed to do the right thing and he did it.

We take that instinct to do the right thing with us to work, except that instead of jumping onto tracks, we want to exercise our instincts for making decisions that are right for customers and coworkers. Beloved companies let their employees exercise that natural instinct. It’s part of daily decision making to do what’s right. It’s decision making that is enabled, heralded, and celebrated—not challenged, impeded, or stopped.

University of Zurich researchers agree that we are “wired” to take the altruistic path. They revealed that a small area in the brain—in the dorsolateral prefrontal cortex, or DLPFC—is responsible for suppressing natural selfish tendencies. It’s crucial to our ability to assess fairness and balance that with our own selfish and materialistic impulses.

Congruence of heart and habit form the backbone of beloved companies. Consistency of *knowing* and *feeling* what is right, paired with decision making that yields to the natural tendencies firing inside us, make these companies beloved inside and out. What drives their decisions is the beating heart. It’s the measure of how much the right cortex of the brain is present around the conference table.

Congruence of heart and habit enables beloved companies to make uncommon decisions by considering the needs and emotions of customers. In Pfaff’s research, the man who jumped onto the subway tracks took an altruistic action because it was done to truly help someone else. The needs of the man who had fallen on the tracks came first. When companies make decisions considering customer needs, often before

“Congruence of heart and habit form the backbone of beloved companies.”

their own, they do what comes naturally. And that draws customers to them. It creates an emotional bond. It grows their business.

The Five Decisions Made by Beloved Companies:

As customers and employees, we crave what the beloved companies deliver. They enable people to decide and act from a corner of their brain that is congruent with doing the right thing. In doing so, they build an organization with energy and spirit that draws customers to them. We naturally gravitate to companies and people with whom we connect in a human and sincere manner. We like their story because it's the one we strive to live ourselves.

Here are the five decisions that set beloved companies apart. These five decisions reveal who they are and what they value. They earn the right to their customers' story.

DECISION 1: Beloved Companies Decide to Believe.

"We trust our customers. We trust those who serve them."

Inside the beloved companies, they decide to *believe*. They believe their employees and they believe their customers. And they practice this by suspending cynicism. By deciding to trust customers, they are freed from extra rules, policies, and layers of bureaucracy that create a barrier between them and their customers. And by deciding to believe that employees can and will do the right thing, second-guessing, reviewing every action, and the diminishing ability of employees to think on their feet is replaced with shared energy, ideas, and a desire to stick around.

DECISION 2: Beloved Companies Decide with Clarity of Purpose.

"Our iron-clad integrity and clarity guides the direction of our decisions."

Beloved companies take the time to be clear about what their unique promise is for their customers' lives. They use this clarity when they

make decisions so they align to this purpose, to this promise. Clarity of purpose guides choices and unites the organization. It elevates people from executing tasks to delivering experiences customers will want to repeat and tell others about.

DECISION 3: Beloved Companies Decide to Be Real.

"We have a spirited soul, humanity in our touch, and personality that's all ours."

Beloved companies shed their fancy packaging and break down the barriers between "big company, little customer." The relationship is between people who share the same values and revel in each other's foibles, quirks, and spirit. That's what draws them to each other. But it's not easy being real; being this transparent with customers takes guts. And only the companies who really know who they are can be "real" consistently—no matter where customers interact inside the company. They decide to create a safe place where the personality and creativity of people come through. They are beloved by those customers who gravitate to their particular brand of personality.

DECISION 4: Beloved Companies Decide to Be There.

"We must earn the right to our continued relationship with customers."

It's an everyday charge up the hill to be there for customers in the ways that are important to them. And it takes its toll because deciding to be there requires more resources and more work. Beloved companies gladly do the hard work. They're in the scrimmage every day to constantly earn the right to their continued relationships with customers. And they work every day to defend their decisions because they know that with each experience they must earn the right for the customer to return. That starts with deciding to be there when customers need them, on customers' terms.

DECISION 5: Beloved Companies Decide to Say Sorry.

*"We act with humility when things go wrong.
We will make it right."*

How a company reacts to adversity reflects the humanity of an organization, and shows its true colors more than almost any situation it might encounter. Grace and wisdom guide decisions to accept accountability when the chips are down—not making accusations and skirting accountability. Apologizing well and repairing the emotional connection with customers is a hallmark of companies we love. In fact, it makes us love them more. How a company makes decisions to explain, react, remove the pain, and take accountability for actions signals loud and clear what they think about customers and gives an indication to the collective "heart" of the organization. Years of good intentions build up a reserve that makes forgiving the beloved companies who make sincere apologies something customers are open to doing.

"It's the intent and motivation guiding a decision's final outcome that sets people . . . and companies apart."

The fact of the matter is, decisions that earn customer love are not easily reached. Many companies try to copy the actions that result from beloved companies' decisions. But to achieve the same impact, what enabled the decision must exist. You must get beyond the decision itself and possess what lies beneath it. What is the intent

at the core of the decision? What motivated leaders and employees to make their decisions? We'll examine the "what" and the "why" behind every decision in this book so you can examine how your company makes decisions that impact customers and employees.

It's the **intent** and **motivation**—the "what" and "why"—behind decisions that bond people with companies. Why did Lands' End offer a guarantee? Founder Gary Comer told me his intent was first to send a strong and indelible message inside the company. "A guarantee means we have to deliver on the customers' terms," he said. And his motivation? It was to give people inside the company ownership of doing the right thing for customers. He didn't want to pen people in

with rules and regulations. That one decision guided a host of decisions about product quality, service, and operations. Why did we run ads with strong exclamations about the simplicity of our guarantee? Our intention was clear, understood, and delivered on throughout the company in every interaction—to build customer peace of mind. Catalog shopping was in its early stages and people needed to know that we were trustworthy—that a guarantee in our book was a guarantee, with no “ifs, ands, or buts.”

Throughout this book, both the intent and motivation behind every profiled decision is explained. When your intent (what you want to accomplish) and your motivation (the reason you make your decision) are driven by your awareness of and empathy for the people impacted by your decisions, the outcomes will set you apart. The humanity and empathy of your decisions will connect you emotionally with customers. And those customers will grow your business by telling the story of their experiences to everyone they know.

Those noble decisions I first experienced at Lands’ End inspired its unique culture, from its early days of few employees to the many thousands who have come to work there. They enabled uncommon acts of kindness that marked our place in the world. As transplants from other cultures came into the business, they had only to sit in a few meetings to know what behaviors and habits to model when deciding what to do.

It wasn’t just that we were proficient in the business of producing, picking, packing, sorting, and shipping. Who we were as people came through loud and clear in how we acted. The reflection of our humanity *was* mirrored in those decisions. Our decisions were guided by a simple statement that is easy to say but hard to execute: “What’s right for the customer is right for all of us.”

An incident regarding a shipment of Lands’ End turtlenecks shows what we were made of in terms of honoring this commitment. We had shipped thousands to customers, and then found later in the quality review process that some were flawed. Without waiting for customers to contact us, we sent every single customer who had ordered a turtleneck a note: “The turtleneck we originally sent you may have a flaw in it. We’re not sure, but we just inspected some that

weren't up to our standards, and wanted to make sure that you've got a good one. So just call us if you want a replacement. Don't bother returning the first one we sent. It's on us." We always signed our letters, "Your friends at Lands' End." Your friends. There was a lot of meaning in those two words. We meant it.

Our "customer" was almost mystical to us. The fact that we took orders over the phone or through the mail meant that we didn't know our customers face-to-face. We envisioned what they were going through in their daily lives. We pictured how they felt when they hung up the phone after placing an order; we imagined them opening the door for the delivery man, and the feeling of stretching a brand-new turtleneck over their heads. We took the job of creating an emotional experience when the box was delivered to customers' homes very seriously. How customers felt when they opened it was our report card.

Delivering on this level of commitment gave us a "living" company manual: something with much more impact than any set of words on paper or mission statement about focusing on customers. We were shepherded through the process of learning how to err on the side of the customer. And then were simply trusted to make decisions ourselves in our corner of the world. This internal trust of employees for doing what's right for customers is often lost in business today. It is teaching by example, not by policy. And it is the only way that employees trust the commitment and feel inspired to model the actions that set the beloved companies apart from the rest of the pack.

What Story Do Your Decisions Tell About You?

Making the right decisions to tell a story you're proud of begins with holding up a mirror to yourself and your organization. You need to ask the right questions to review your current decisions and understand the story they reveal about you today. You need to know the important decisions to make for the future.

Darwin Smith, CEO of Kimberly-Clark from 1971 through 1991, is considered by many to be one of the top ten CEOs of all time. Jim Collins, in his book *Good to Great*, introduced the story about how Smith moved his company from a languishing business to the world's high-

est performing paper-based consumer products company, by asking questions and moving rocks.

In 1971, when he took over the helm of Kimberly-Clark, Smith worked to grasp what direction to take the company. In the quiet of the evening at his Gotrocks Farm in Wisconsin, he would contemplate the situation by unearthing rocks on his property and moving them into piles. When his wife Lois heard the scrape of a backhoe in the middle of the night, she knew he was thinking over a decision. In the morning, the extent of his thinking would stand in large piles of rocks that had been moved from one pile to another as he contemplated his course of action.

Those evening sessions didn't bring Smith answers; they brought him questions. Questions he would ask his leadership team and people inside his company for months. He wanted to know what Kimberly-Clark should stand for, what it could be known for, and how it could grow financially.

The answers to his questions told Darwin Smith the story of his company. Smith learned where Kimberly-Clark stood and what decisions and actions had been made to get the company to its current position. From those answers, Smith realized what initial actions he needed to take to move the company in a new direction. The answers to Smith's questions led him to his first steps in leading Kimberly-Clark onto the path of its success.

This Book Is Your Set of Questions for Understanding the Story of Your Company.

To begin to move forward, you need to review the decisions you've made about customers and employees that have brought you to where you are today. This book is your springboard.

This book will lead you on a path of discovery similar to the one Darwin Smith followed with his rocks and his questions. Through this process, he accomplished three things. First, he determined the right questions to ask. The answers to those questions then told him the story of his company. And third, that story led him to his course of action.

Your path of discovery in this book will lead you to understand how the decisions of your business have impacted your relationships with customers and employees. And it will give you the questions to ask yourself and your organization about how to change your course if your course needs changing. Each chapter focuses on one of the five key decisions made by beloved companies. Eight to ten companies' decisions are profiled in each chapter to show how they applied them in running their businesses. Following each profiled decision, challenge questions are posed to you—so that you can consider how *you* would make that decision in the same situation.

These questions will help you understand the intent and motivation behind your decisions and how they compare to those that resonate with employees and customers of beloved companies, driving their growth and prosperity. Connecting your answers will tell you how you are seen from the outside looking in. The sum of your answers throughout this book will connect to tell you the story of who you are and what you value as defined by the decisions you make and the actions that tumble from them.

The final chapter lists all of the questions in the book sequentially, so that you can work through them with your organization to diagnose the strength of your current relationships—as told by the decisions you make to run your business.

The Impact of Being a Beloved Company.

There is an effect that noble decisions have on a company and its people and its customers. They always seem to find a way back to their "sender," to those who make them. Meaning, yes, they deliver financially. Having a clear path for decision making is one of the most potent arrows in the quiver of beloved and prosperous companies. Beloved companies enjoy a personal relationship with their customers and employees that transcend others. Their connections are genuine. In the pages of each of the coming chapters you will see just how substantially these good decisions yield business growth and financial results.

But noble decisions also deliver beyond financial definitions of prosperity. The decisions of beloved companies create prosperity of the human spirit. Their decisions yield outcomes and actions that draw people to them. Employees stay and become increasingly valuable to the business. Customers become the army that makes them known and beloved in the marketplace.

They Retain Happy, Engaged Employees.

Running their businesses with lower recruiting costs and an engaged workforce are common denominators of beloved companies. At Griffin Hospital in Derby, Connecticut, loved for how they treat patients and employees, 6,483 people applied for 44 open positions in 2008. In healthcare, where quality workers are scarce, this is testament to the pull that Griffin has in the marketplace. Wegmans Food Markets, Inc. trusts the people working in the stores to make their own decisions about how to keep the promise that “No Customer Goes Away Unhappy.” Of the almost 6,000 Wegmans employees, about 20 percent have ten or more years of service. This grocery store receives more than 150,000 applicants per year who want to wear its aprons. Beloved companies make decisions that tell this story to their employees: “We honor you, we respect you, and you are valuable to this business.”

Customers Are Their Biggest Champions; They Participate in the Business.

There are over 200 YouTube videos of Zipcar customers with “their” cars. Threadless.com has grown tenfold from 70,000 members at the end of 2004 to more than 700,000 members in 2008. Their customers submit designs for the T-shirts they sell and vote to determine which are produced. The Harley Owners Group started in 1983 now has 850,000 members, many of whom have the Harley-Davidson logo, the number one logo requested in the world, tattooed on their body. Nearly all of these companies have “fan” Web sites that have sprouted up from devoted followers. For example, ikeafans.com celebrates fru-

gal and creative approaches for decorating one's home. Customers at fan sites zipkarma.com and lushies.com chat about the products they love, providing suggestions and feedback to company members who frequently chime into the conversation. In 2001, after the terrorist attacks in the United States, Southwest Airlines received thousands of letters from customers who wanted to make sure that Southwest would stay in business so they could continue flying with them. Many customers included checks with their letters. Some customers returned travel vouchers they had received.

Customers Beg for Them to Be in Their Lives.

In 30 minutes of Internet searching, I uncovered petitions from the cities of Portland, Maine; Washington, DC; Nashville, Tennessee; Palm Springs, California; and Albany, New York, begging the Trader Joe's corporate headquarters to open a store in their community. Bruce Roter of Albany, who led the grassroots campaign there, stepped up campaign efforts after he received a letter from the company saying no plans exist for a store right now. Not deterred by the rebuff, he and others on his committee responded by sending postcards of the city—complete with drawn-in arrows showing just where their store would fit right in—to Trader Joe's to demonstrate what a beautiful site it would be for them. In another city, an open letter sent to the *Baltimore Business Journal* addressed to the corporate folks at Trader Joe's was titled "Please, Please Open a Store in Baltimore." Over 2,000 signatures accompanied the request.

Customers Swarm Their Openings.

When IKEA opens a store, traffic must often be rerouted and dozens of police officers engaged to help manage the crowds. At its November 2007 Orlando, Florida, opening, people camped out for 48 hours prior to the event. Three hundred and fifty employees manned the store that day, preparing for the several thousand who would eventually go through. In September 2008, amidst one of the bleakest peri-

ods in retailing, Zara opened a new store in Skokie, a Chicago suburb, without advertising. Word of mouth alone brought in droves of women. Some took the day off work. Others drove hours to reach one of the first Zara stores in the Chicago area. Zara's customers tell their story and fuel their growth. In September 2007, the Trader Joe's that opened in Bellingham, Washington, had more than 2,000 people go through checkout on opening day.

Customers Fuel Their Growth.

In August 2008, Zara eclipsed Gap to become the world's largest clothing retailer because of its decision to keep customers coming back with current and ever-changing inventory. Zara keeps their prices low and their customers begging for more because of how they've decided to design, produce, and distribute. Internet clothing and shoe retailer Zappos.com grew from gross merchandise sales of \$1.6 million in 2000 to over \$1 billion in 2008 because of how they stayed true to their core; they stuck to decisions they made when they were a fledging Web site and kept to them as they grew. Even what some consider the last harbinger of "service," the technology sector, can grow when decisions connect heart and habit, yielding enviable growth and profitability. Web services company Rackspace has achieved 50 percent annual growth by practicing these decisions. The common denominator for all of these companies is how they make decisions which embrace and connect them to customers—decisions *you* can make in your own business.

Customers Want to Stay in Touch with Them Personally.

Tony Hsieh, CEO of Zappos.com, has hundreds of thousands of people following him on Twitter. Why do people follow Tony? Because they know that he actually sends his own "tweets," and they like following him in his daily life. Zappos folks scour the Internet daily to see when they show up in blogs and then personally respond. Recently, a love letter to the company showed up on a Web site called suggestionbox

.com. The message simply was, "To Zappos: keep doing what you are doing. I love Zappos and free shipping and quick delivery." Zappos replied, "We love you too! Thank you for taking the time to enter this comment and make our day!" Mark Constantine, founder of LUSH cosmetics, volleys spirited conversations with "Lushie" fanatics around the world on their open forums. Here they give him spirited feedback about LUSH and their experiences, beg to keep products that are slated to be eliminated, and talk about life in general. Last count on the North American forums was 1,158,396 posts.

Use This Book to Guide Your Decisions. Tell the Story of Who You Are and What You Value.

When customers love you for what you do and how you do it, they will tell your story. They'll want people to get to know you and your actions and your decisions. Customers are proud to compel others to try the businesses they love. Customers who love you will market for you more powerfully than you can possibly market yourself. And your customers will grow your business.

What Decisions Will You Make to Become "Beloved"?

In a world that is spinning so fast, we crave what the beloved companies deliver. Beloved companies share this set of five active and purposeful decisions which inform and motivate their conduct. They decide to believe. They decide with clarity of purpose. They decide to be real. They decide to be there. They decide to say sorry. The simplicity of these five decisions belies the rigor and passion by which they are reached and need to be defended. All of the beloved companies make these humanity-defining decisions, which set the course of their businesses and earn the right to their customers' devotion, and to their story.

Use the decisions in this book to understand the intent and motivation behind your decisions and how they compare to those that

resonate with employees and customers, driving growth and prosperity. And use them to make a choice. Make an active decision about how you will decide, about what you decide. About what you want your story to say about who you are and what you value. Are you ready?

The Decision Is Yours.