

# ***Masters of Loyalty***

*How to turn your sales force  
into a loyalty force.*

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## FORWARD

“Masters of Loyalty” is a wonderful description of who we want to become at my company, PrintingForLess.com. This book is a magnificent guide for getting there.

You will find an interesting dynamic between the “what” and the “how.” The business world is immersed in fog and nonsense about what “customer loyalty” means. The story Duane Sparks tells in these pages cuts through that fog brilliantly by demonstrating that genuine loyalty is a relationship formed between people, not corporate entities. He describes exactly what loyalty looks like and feels like, and where it comes from. His portrayal of loyal customer relationships, and why they arise, rings true and accurate. It would be true regardless of the particular methods he recommends for building those relationships. If you, yourself, have ever been genuinely loyal to a supplier, you will see what I mean.

But the great utility of this book is that it *does* describe a systematic, step-by-step way to forge genuinely loyal, long-lasting relationships with clients—not just how to sell products and services, but how to sell loyalty.

I have been a believer in *Action Selling* since I learned the system 10 years ago while with another company. We have used its principles to build PrintingForLess.com into the largest e-commerce commercial printer in the United States. *Action Selling* has become the operating system for every relationship we have. It connects our employees, customers, business partners, and suppliers. But as we realized when we read this book, we still haven’t “mastered” the system.

Our model salesperson is a customer-oriented technical expert who has been taught how to sell. Since *Action Selling* is a process, technical people tend to “get” the selling part. Customers love working with them because they get their questions answered. And our salespeople love working for us because the system makes them successful.

That’s something else Sparks is right about: Salespeople can’t sell loyalty to customers unless they, themselves, feel loyalty for their own company.

Now that we know what a high-quality business relationship is supposed to look like, we constantly evaluate our own vendors on how well they build loyalty. Unfortunately, many of them demonstrate “how NOT to.” Our employees now recognize exactly why that is.

Thanks to *Action Selling*, our people already knew how to sell in a way that tends to build loyalty. Thanks to this book, they now know explicitly that loyalty itself is *always* the most important thing they’re selling. And they know the precise steps to becoming Masters of Loyalty.

Andrew S. Field  
President/CEO  
PrintingForLess.com  
America’s Print Shop



# Introduction

*How we get ‘customer loyalty’ wrong.*

Like any business owner, I shop among various vendors for most of the goods and services my company needs. Salespeople who can offer higher quality, better service, or a lower price often find me a willing listener—at least until they, themselves, do too little listening and too much talking.

But in one area where my company relies on outside help, I am loyal to a particular supplier. By “loyal” I don’t just mean that I’m satisfied with this vendor or that I have no complaints. I mean that I have *stopped shopping*. I can’t imagine an offer from one of this supplier’s competitors that would tempt me away. The relationship that I enjoy with the firm is too valuable, to me and to my company, for me to consider giving it up.

This vendor does good work at competitive prices—that’s a given. But I’m sure that, if I cared to look, I could find a lower price. I could probably find quality and services that looked as good, too, at least on paper. I don’t care. It’s the relationship that has had me stuck like glue for 15 years and counting.

Now, here's a point that gets missed in almost all discussions about things that companies can do to build loyal, lasting relationships with their customers: As with every truly powerful relationship that you or I have ever had, this one is not actually with a corporate entity. It's with a person. Specifically, a salesperson. His company just reaps the benefits.

My guy won a small piece of my business in his specialty area 15 years ago. Soon he had all of it. He is deep into my company with his relationships; he knows all of my key people, regardless of their positions on the organization chart. He knows my wife, my children, my best friends—and I know his. He knows my business as well as any employee I have. We have solved a lot of problems together.

If I create a new product, he is involved in the strategy as well as in the design and execution. I have learned that I avoid a thousand headaches if I rely on him not just as a supplier but as a business partner. He is as complete a “solution” as I could wish.

His name is Kevin Mergens. His business happens to be printing. In addition to being his own best salesperson, Kevin is the owner of Absolute Print Graphics in Minneapolis. His company printed this book. He helped to edit it, too, though that role isn't in his job description. If he learned to write books, I wouldn't even need me.

### **Satisfaction vs. Loyalty**

When companies say they want more loyal customers, they mean they want customers who give the company a greater share of their business over a longer period of time. Organizations spend a great deal of time and energy on efforts to persuade customers to become loyal.

Those efforts often take the form of loyalty programs that provide incentives for repeat business. Examples in the business-to-consumer world include airline frequent-flyer programs and the discount cards offered by retailers such as booksellers, grocery stores, and pet-supply outlets.

In the business-to-business (B2B) world, loyalty programs aim to encourage large-volume or long-term buying by offering bulk discounts and/or special packages of services or technology for major (or at least steady) clients. In any case, the point of loyalty programs is to make the sponsoring company the customer's supplier of first choice.

Here's the trouble with loyalty programs: Like most products and services today, they have become commodities, easily copied by competitors. Launch a brilliant new loyalty program that begins taking business away from your competitors, and they will match it in a matter of months—if not weeks or days.

Customers will be attracted to your loyalty program, and satisfied by it, only until they are wooed away by another program. And, loyalty program or no, you are their "supplier of first choice" only until the next choice appears. Try opening a trendy new restaurant that will remain trendy for longer than a year or two.

Products, services, programs, policies, and procedures—things your *company* does in the name of building loyalty—can be important. But even the best company-level initiatives create only satisfaction, not real loyalty. They leave you vulnerable to competitors.

"Satisfaction" won't cut it. True loyalty does not exist until a customer has *stopped shopping*, as I have for my printing needs, and

is *highly resistant to your competitors' appeals*. Unless you are Harley-Davidson, and your customers tattoo your corporate logo on their bodies, your products or your brand won't generate that kind of loyalty. Neither will your programs or other corporate-level initiatives. This is especially true in the B2B world, where rewards programs do practically nothing to keep customers from leaving.

What's wrong with customers who are merely satisfied? Just this, as research shows:

- 75% of customers who leave a company for a competitor say they were satisfied or even "very satisfied" with the company they left.
- Only 25% of customers who defect from a company say they left for a lower price—but 50% of salespeople *think* that's why their customers defect.
- Only 10% of customers leave because their needs have changed. Salespeople think a full third of their clients leave for that reason.
- *75% of customers actually leave a supplier because of the lack of a solid sales relationship. But only 20% tell the salesperson that this is why they're leaving.*

*Source: The Sales Board, Inc.*

## **From sales force to loyalty force**

That last statistic suggests why loyalty programs appeal to the wrong causes of customer defections. It also suggests where the answer really lies for companies that want customers who are loyal in the most valuable sense of the word—customers who have

stopped shopping and are deaf to competitors' appeals. When it comes to generating real loyalty, a company's greatest asset is the potential of its sales force.

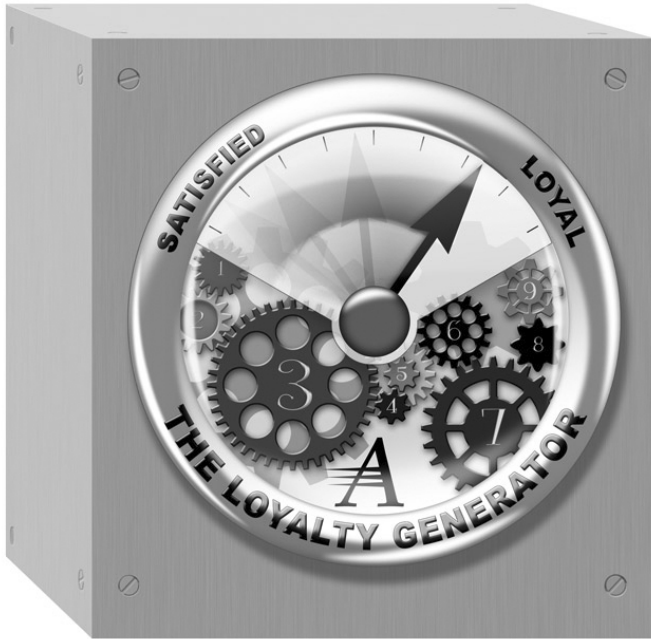
People won't go deaf to a company's competitors. They will go deaf to the competitors of another person. Think about it. Have you ever felt so loyal to a supplier that you stopped shopping? If so, what made you feel that way? Was it really the company? Or was it a person?

Any customers, but especially B2B clients, are most apt to become loyal when they have developed a bond with a particular kind of salesperson. This kind of salesperson acts as a consultant, an orchestrator of resources and, above all, a relationship builder.

Salespeople who are skilled at generating loyalty understand that loyalty itself must be earned and sold. Those in B2B situations market not just their companies and their products but *themselves* to the client's entire enterprise. They don't fall into the trap of thinking that the ultimate decision maker (the person with budget authority) is the only buyer who counts and that the rest of those folks—product users, technical specialists, other influencers—are merely obstacles in their path as they rush to gain the decision maker's ear.

A company with 100 Kevin Mergens in it would rule the world. But he is a rarity. Why? Because the vast majority of salespeople don't act as loyalty generators. They don't understand that the underlying purpose of every client call should be to *sell loyalty* by strengthening their personal relationship with the client. And even if that idea makes sense to them, they don't know how to do it.

That's why I wrote this book.



*Even during a “successful” sales call, the needle is always moving one way or the other.*

## **Masters of Loyalty**

Most salespeople define a successful call as one in which the customer is satisfied with the dialogue or the presentation, and therefore buys something—or at least agrees to take some positive action. Suppose they raised their sights and their definition of success?

The Loyalty Generator diagram represents a gauge of the direction in which the salesperson’s *relationship* with the customer is moving during the course of every sales call. It applies even to “successful” calls, because if the customer isn’t at least satisfied, the call fails.

To the degree that the needle moves toward “loyal,” the concept of a successful sales call takes on new and greater meaning. The customer is not only buying but becoming immunized against the salesperson’s competitors. The customer is deciding to stop shopping.

I said above that most salespeople don’t understand that the underlying purpose of every call should be to sell loyalty. This applies even to many of those who have been trained in *Action Selling*, which I believe is the best system yet devised for selling not just products or services, but loyalty. (Yes, I’m biased.)

The numbered gears in the Loyalty Generator diagram represent the nine Acts of *Action Selling*. Their size represents their relative importance in selling loyalty. A genuinely loyal customer is the goal. *Action Selling* is the manual that tells you how to achieve that goal.

Some salespeople grasp intuitively that *Action Selling* is not only a sales system but a loyalty-generation system. They become black-belts, operating at a master’s level. Others don’t quite get it. Their sales performance may improve dramatically, but they do not reach their full potential as loyalty generators. And their companies don’t reap the full benefits of that potential.

In my previous books, I have described the *Action Selling* system, how it works to lift the game beyond the trap of price competition, and why questioning skills are so vital to success. In this book, I have attempted to describe what selling looks and feels like at the black-belt level...the master’s level...the loyalty-generation level.

In a master’s-level sales call, you can actually see loyalty hap-

pen. Capturing that look and feel was my major goal. *Action Selling* itself is explained only to the extent necessary to show how loyalty can be built in a systematic, replicable way.

You also will find a sub-theme that is especially important to sales managers and executives. Loyalty is multidimensional. Salespeople are much better at *selling* loyalty to customers when they *feel* loyalty to their own companies.

Like my previous books, this one tells a story. It's a story about Mike, a marketing vice president who has a problem your organization just might share, and Tony, a salesperson who has the solution. The complication: Because Tony is a master, he can't understand why others have the problem. That makes it tough for him to communicate the answer.

Does Tony succeed in getting the message across? That's for you to decide. For your sake, and your company's, I hope so.

Here's to *real* customer loyalty. Good Action Selling!

Duane Sparks  
Chairman, The Sales Board  
Author of Action Selling

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# PREFACE

*There's something strange about this loyalty thing.*

**B**y the time the plane reached cruising altitude, dawn had broken. The passenger in seat 2-A turned his attention from the window and asked the flight attendant in the first-class cabin for another cup of coffee. His clothing had already pegged him as a business traveler, but now something in his manner caused the attendant to update her appraisal. *Another worried executive*, she thought. *Like so many these days. Is it just me, or did the guys in good suits used to look a lot happier?*

Her perception was accurate. Mike was, indeed, an executive—a vice-president of marketing, to be exact—and he certainly was worried. But the flight attendant could not have guessed just how peculiar this particular business trip was.

Mike himself could scarcely believe the reason he was on the plane to Phoenix. *My job depends on some mysterious sales rep I've never met*, he thought. *Tony, my man, whoever you are, I hope you can show me a way out of this mess. Because I sure can't figure out the answer.*

The flight attendant was right about another thing. Mike used to be a lot happier. Only a year ago, he was a corporate hero. It was at his urging that his company trained and certified its sales force in a new system called *Action Selling*. At the time, the company's annual rate of sales growth was stuck at 2.5 percent, average for its mature industry. After the training, the growth rate more than doubled to 5.1 percent. The new system was a tremendous hit with the sales force, and Mike's CEO was delighted with the results. At least for a while.

But the CEO wanted more. He was under pressure from stockholders to increase both revenue and profits at a faster clip. When the quarterly numbers came in 90 days after the training was completed and showed that the new sales system was a smashing success, there had been jubilation. But a month later, the CEO called Mike into his office.

"We still need more customers, and we need more business from current customers," he said. "I suppose it doesn't exactly surprise you that those two things are at the top of my list," he added with a smile.

*Not exactly, Mike thought. You're a CEO, after all.*

"Let me explain," the chief executive continued. "Analysts no longer evaluate companies in our industry purely on sales growth. They want to see us grow our base of customers as well as the revenue from our base. The sales growth that we have accomplished with *Action Selling* needs to continue, but specifically with our current customers. If we want our stock price to rise, we have to do it with what's called 'organic sales growth.' That means we need more business from the customers we've already got."

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*I couldn't ask for a better opening than this, Mike thought. Am I a proactive marketing VP or what? Get ready, Boss, because here comes Mike's Greatest Hits-Volume 2.*

“You're reading my mind,” he said. “I've been thinking the same thing. And I believe the solution to organic growth lies in customer loyalty. We need to elevate our sales and service goal from ‘satisfied’ customers and start creating more genuinely loyal ones. We need to bind them to us somehow so that we get more of their business, more consistently and over a longer term.”

***‘The solution to organic growth lies in customer loyalty.’***

Mike noticed the CEO's eyes brighten.

Eagerly, he began to outline the new program he had been planning. Pulling out a document he had brought to the meeting, Mike pointed to research showing that 40 percent of “satisfied” customers will leave a company for a competitor without hesitation. And 75 percent of customers who switch suppliers do so despite being “satisfied” or “very satisfied” with the original one.

“Our customer-satisfaction surveys have been measuring the wrong thing,” Mike said. “We have to turn satisfied customers into loyal customers.” The way to do that, he argued, was with a loyalty program. In the same way that airlines use frequent-flyer programs and retail stores offer discount cards, he said, “we should offer customers a special incentive to give more of their business to us and less to the competition.”

Mike's proposal was a loyalty program he called TechShare. To high-volume customers, TechShare would offer elite status for pric-

ing and delivery, automated ordering with instant access to supply chain inventories, online access to training and technical help, and more. The program wouldn't require adding any expensive new capabilities. It was essentially a new way to package services that the company already could provide.

“The *Action Selling* system doubled our rate of growth,” he concluded, a not-so-subtle reminder of his recent victory. “I think if we give the reps TechShare to sell, we can double our rate again.”

The CEO was sold. Six months ago, TechShare had launched—with \$2 million worth of advertising and marketing support. The program was Mike's baby, his pride and joy.

And it bombed. In the wake of TechShare's launch, the growth rate barely budged. After six months, the average sales rep, company-wide, had sold the TechShare program to exactly three clients. (*Three?* Mike thought, the incredulity rising yet again. *Three?*) Most reps had signed up only one or two accounts. A number of them had sold none at all.

Needless to say, the CEO wasn't interested in sharing blame for the decision to run with the program. “This is your \$2 million dog,” he told Mike. “Cure it or shoot it.”

Reports from the field indicated that customers saw nothing specifically wrong with TechShare. But competitive suppliers offered loyalty programs, too, and customers couldn't see much difference between them. Like the products Mike's company sold, special incentive programs had become commodities. The *Action Selling* system had helped the sales reps tremendously when it came to differentiating their products. But they seemed at a loss when the “product” was TechShare.

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There were exceptions, of course. *And in the entire company*, Mike thought, his mind skipping to his present mission, *the biggest, most glaring exception is you, Tony.*

For the past year, the Phoenix office had been the company's star operation, reporting the highest revenue and the best margins. Phoenix also had sold twice as many TechShare programs as the second-best branch. Why? How? When Mike called the branch manager to investigate, the answer was simple enough. But it only raised more questions.

***'Like products, special incentive programs have become commodities.'***

"It's Tony," the manager said. "I have five sales reps, but he's the reason we're outstanding. Without him, we'd be about average. I wish I could clone him."

While each of the other four salespeople had signed up three TechShare accounts, Tony so far had sold 30. But it wasn't just TechShare, the manager explained. "Tony gets more business and better margins out of almost all his accounts, regardless of whether they sign up for the loyalty program."

Why? "I wish I knew," the manager said. "His customers just seem to love him."

Tony was some kind of born superstar salesperson then?

Not at all, the manager said. "That's the strange thing. He's been with us four years, and until he got the *Action Selling* training he was average. It's just in this past year that he caught fire."

As Mike knew, the manager pointed out, since the new system

was introduced, the average rep's sales performance had improved significantly. "But Tony's performance skyrocketed. He gives all the credit to *Action Selling*. But why does he seem to get more out of it than the others? Like I said, if I knew that, I'd clone him."

*And if I knew, and I could clone him, Mike thought, maybe I could rescue my job before it's too late.* For the first time in months, he saw a ray of hope...by the name of Tony.

With the branch manager's OK, Mike had called Tony. He explained that he was doing some research into how TechShare could be sold more effectively. "You've outsold our average reps 10 to one," he said. "What are you doing that the others aren't?"

As the manager had warned, however, Tony seemed genuinely at a loss. "I just use the *Action Selling* system," he said. "Hey, it has helped every rep in the company."

Yes, but why was the boost in Tony's performance so exceptional? Tony had no idea. Mike probed, but got nowhere. In some way, Mike began to suspect, Tony must understand the system on a deeper level than most. If he couldn't explain how or why, maybe it was for the same reason a fish couldn't describe water. *Is it something so obvious to him that he can't imagine the rest of us don't know it?* Mike thought. *I need to see this guy work.*

Mike asked if he could come to Phoenix and shadow Tony for a day—accompany him on some sales calls as an observer. Tony was happy to oblige. "Are you kidding?" he said. "My clients would be happy to meet one of our executives. You'd be helping me with Act 5."

Act 5 was *Action Selling* terminology for a step in the sales process called “Sell the Company.” *Well, he sure thinks in the system’s terms*, Mike thought.

His reverie was broken by the pilot’s announcement that the plane was on final approach to Phoenix.

*I’m counting on you to have the answer I need, Tony, even if you don’t know what it is*, Mike thought. *If I can figure out what you’re doing differently, maybe I can replicate it. And if I can do that, I can save TechShare—and my job. One more remark about \$2 million dogs, and I’d better sharpen up my resume.*

As the plane touched down, Mike turned his gaze back to the window with a mixture of hope and desperation. At least it was better than the pure desperation he had felt for months.

# GET TRAINED AND CERTIFIED AS AN ***ACTION SELLING*** PROFESSIONAL!



Want to learn more about how Action Selling can help your organization realize its full sales potential? For information about training and certification for yourself or your salespeople, contact The Sales Board.

Founded in 1990, The Sales Board has boosted the performance of more than 350,000 salespeople from over 3,000 companies worldwide in virtually every industry. Action Selling provides a systematic approach to managing and conducting the entire sales process. Our complete training program provides all the necessary tools for students and instructors. Training is customized specifically for each organization's selling situation and even for individual salespeople.

Studies document that salespeople who become Action Selling Certified improve their sales performance at a rate that is 6 times greater than those without training. As for rookie salespeople, there is no finer system to start them off on the right foot and make them productive immediately.

Students participate in a highly interactive two-day training session facilitated by our talented trainers or by their own Action Selling Certified managers. Students then take part in Skill Drills to refine and reinforce their new skills in the field. Accountability is built into the process with management reinforcement, plus an assessment and certification system.

To learn more about the complete Action Selling training and certification system, please contact us or visit our Web site:

**The Sales Board**  
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## ABOUT THE AUTHOR



Duane Sparks is chairman and founder of The Sales Board, a Minneapolis-based sales training company that trains and certifies salespeople in the system and the skills of Action Selling. He is the author of five best selling sales books:

*Action Selling - How to sell like a professional even if you think you are one*

*Selling Your Price - How to escape the race to the bargain basement*

*Questions - The Answer to Sales*

*Masters of Loyalty - How to turn your sales force into a loyalty force*

*Sales Strategy From The Inside Out - How complex selling really works*

The Action Selling sales training program trains and certifies salespeople in the critical sales skills that have the greatest impact on sales performance. And from the ground up, its programs are designed to ensure that those critical selling skills are not only learned but used, consistently, in the field. Action Selling is recognized worldwide for sales training that produces sustainable sales growth.