USING STORYTELLING TO ESTABLISH CUSTOMER LOYALTY

by Stephen Denning

Storytelling has become pervasive in sales and marketing conversations because it can compellingly communicate the history of your organization, the usefulness of your products and services, your values and vision, and the character of your customers.

But it's important to distinguish between the role of storytelling when it's being used as a customer pitch to maximize short-run sales numbers and when it's being used as the basis for enduring customer loyalty.

PITCH vs. PARTNERSHIP

When sellers use storytelling as part of a sales pitch to maximize short-run sales, the tendency is to tell stories that exaggerate benefits or understate risks or costs. Sales pitches often amount to "saying what one can get away with" in order to make a sale. That's why they are contrary to long-run customer trust.

By contrast, when sellers use storytelling in order to create a partnership relationship that turns customers into lifelong evangelists for the firm, the story is very different. There is no hype, oversell, or pressure on the customer to buy. The scrupulous truthfulness of the stories that are told is foundational, as is a focus on listening to each customer's unique story.

TELLING vs. LISTENING

In a sales pitch, the emphasis is usually on the "telling" — pointing out features and benefits that have been identified by the seller. But in a trusted partnership, listening comes first — in order to understand customers and their stories.

What are their dreams, their hopes, their fears, their current problems? What makes them tick? In a trusted partnership conversation, the seller would normally be speaking 20 percent of the total time and the listener 80 percent.

Listening behaviors include:

• **Showing genuine concern:** In relationships of mutual trust, participants don't barge into the conversation, preoccupied with the story they want to tell and deliver it as a prepared speech or pitch. Instead, they listen and adjust their interventions to what is being discussed. They work to understand the world of the customer and interact accordingly.

• **Revealing vulnerability:** Trust entails asking people to put their faith in you, even though they have no certainty that that faith will be honored: in effect, they make themselves vulnerable. If sellers maintain their invulnerability, never admitting or risking anything, the lack of reciprocity may raise questions in customers as to whether a relationship is warranted.

• **Willingness to learn:** Readiness to learn also encourages trust and loyalty. Sellers don't come into discussions with an attitude that "I'm not interested in your situation; I'm here to tell you what you need." Instead, a willingness to learn from, and understand, the customer's story establishes reciprocity.

FROM PITCH TO PARTNERSHIP

A March 2007 poll of Deluxe Webinar participants found that only 37 percent believed their financial institution to be in trusted partner relationships "all the time." Forty-one percent indicated they were in trusted partner relationship just "some of the time." The remaining 22 percent of participants didn't respond at all.

If you're interested in shifting from sales pitches to trusted partner relationships that will encourage customer loyalty, keep these considerations in mind:

• **Your goal:** The first step is to articulate your goal to customer-facing staff. This means articulating explicitly the values of truthfulness, openness, and listening — and having the senior managers embody those values in their own conduct. If employees know how their jobs contribute to the organization's goal, they will be much more likely to be passionate about developing long-term relationships with customers.

• **Listening:** Shift from a short-run goal of making sales to a long-run goal of establishing relationships that will endure. It's important for sales staff to know about the features and benefits of your products and services, but customer conversations must start with the customer. It's difficult to tell an effective sales story unless you first understand your customer's story.

• **Skills and training:** Consistent training needs to be in place, so employees acquire the necessary skills and know what to do. Also, they must know it's acceptable to go above and beyond what they're trained to do for customers.

• **Time:** Abraham Lincoln once said, "When I'm getting ready to reason with a man, I spend one-third of my time thinking about myself and what I am going to say — and two-thirds thinking about him and what he is going to say." If you don't make time to listen to your customers, then it's not going to happen.

• **Incentives:** Employee incentives must be crafted so as not to undermine the development of long-term relationships. If you reward only for short-term sales, don't be surprised if employee behavior neglects relationship building. Congruence of incentives with developing long-term relationships won't create champions, but it will encourage laggard employees to get with the program.

Transforming traditional sales pitches into the kind of trusted-partner storytelling that encourages long-term customer loyalty requires a significant cultural shift for many organizations. In today's competitive environment, choosing not to make that cultural shift and the required investments of time and resources could put your organization at risk for some particularly unhappy endings.

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