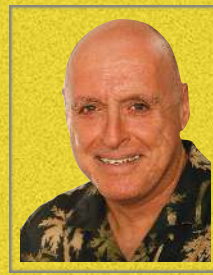


THE EXTRA POINT

BY JERRY ROBERTS



296 The Gold Standard for Empowerment

It might be the most famous example of employee empowerment of all time, and it causes strong reactions when I use it in my training. It can be a bit of a shocker. I'm JR and some folks are about to have their jaws dropped, today, on The Extra Point.

What is the spending limit for each worker on your team, if they see a problem and want to correct it, or have an opportunity to deliver an extraordinary bit of service to a customer? How much can each one spend?

The last two days empowerment has been our topic and one solid way to do that is to trust workers with our money. If you're a business owner or general manager, how much can people spend without asking for permission?

People who have attended my management training courses know what's coming next. If you've never given this much thought or the idea of giving employees a spending limit is scary for you, then you may be terrified with what I offer next.

The Ritz-Carlton hotel chain allows workers to spend up to \$2,000 to solve a problem for a guest, or to just do something very special. Does that number leave you breathless? It's no joke, \$2,000. You want more? Better buckle up. This includes every worker on the payroll. Every worker. The guy who cuts the grass? Yes. The one who throws out the trash? Yes. The person making up the bed? Absolutely. And it gets better. This isn't an annual limit, or a monthly limit, or even weekly. This \$2,000 limit is per incident.

So, do employees actually exercise their option to spend that kind of money to take care of a customer? Yes, they do. I've heard some of the stories. For example, the rooms division manager who got a panic call from a man who stayed in the hotel the night before and left his

laptop in the room, before he took off for his company's convention in Hawaii. He had a big presentation the next morning and asked her to send the laptop via FedEx as it was the fastest option to get it to him. The rooms manager figured out FedEx might not make it in time so she jumped on an overnight flight to Honolulu and delivered it to the man 30 minutes before his talk. That story has been told for over 20 years and millions of people have heard it, some of those becoming customers of Ritz-Carlton as a result.

You like numbers? The average customer is projected to spend \$250,000 with the Ritz over their lifetime. Now, does that \$2,000 per incident number make more sense? The Ritz has studied its customer base and has a clear understanding of the value of each relationship, and they value relationships over transactions. They go out of their way to make people ecstatic they chose to stay with them.

Not every business has a customer lifetime value of a quarter-million dollars. That said, if you sell to people on a repeat basis, you too indeed have a customer lifetime value and hopefully you know what it is. If you do, this number should be discussed with everybody on your team, so they understand the potential value of each customer relationship. Today, talk this over in your organization and be here at 7:20 tomorrow morning, when we'll give some ideas on what to do about it.

That's The Extra Point. Get out there and make something good happen today. For 93.3 and the Ray Gibson Show, I'm Jerry Roberts.

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