



Empathy...A Potent Strategy to Drive Customer and Associate Loyalty

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A recent study by [Accenture](#) shows that customer loyalty is at an all-time low in the insurance industry. The research evidences that we have entered a “switching economy,” or a mindset where the majority of insurance consumers will move business at the drop of a hat...cutting out the intermediary for direct writers or online service providers. This study shows that:

- Only 22% of clients are strongly loyal to their insurance providers, and
- Only 27% of consumers regard providers of insurance as trustworthy

Rather than viewing this study as bleak news, I suggest that you think of it as a wake-up call to reinvigorate the customer and associate experience journey within your firm. In a fast-paced world where consumers are researching and buying online instantly, a potent strategy for generating client and employee loyalty and fighting attrition is creating a personalized experience based on corporate empathy.

So, what is empathy and why is it so important to you? Empathy is best defined as the action of understanding, being aware of, being sensitive to, and vicariously experiencing the feelings, thoughts and experiences of another person. Henry Ford once said, “If there is any great secret of success in life, it lies in the ability to put yourself in another person’s place and see things from his or her point of view.”

As I travel the country meeting with business leaders, I have discovered that far too many do not appreciate the value of empathy. They view empathy and programs that support the concept as overtly feminine, touchy-feely, soft, and unnecessary add-ons rather than a core business strategy. Sadly, these well intended professionals see empathy as an intangible quality that is difficult to measure and quantify. This is so unfortunate as the need to engage in authentic, face-to-face dialogue supported by empathy has never been more important. To put it simply, without making empathy part of your business model, your future success is at risk.

Research on Empathy

The [Lady Geek Global Empathy Index](#), which is published annually in the Harvard Business Review, refers to empathy as “a cognitive and emotional understanding of others’ experiences.” As consumers and associates increasingly demand greater transparency and authentic interaction, the quality grows ever more important.

The Lady Geek Global Empathy Index has developed a methodology for assessing how much empathy organizations deliver and where their greatest empathy deficits lie, based on:

- Social and financial growth
- CEO’s approval ratings among staff
- Ratio of men-to-women on the board
- Frequency of complaints
- Performance on social media networks
- Controversies, ethical lapses, scandals or fines

The Index shows a direct link between empathy and business success. It substantiates that empathy for those individuals you serve – clients, associates and community – is an essential and powerful initiative for fueling growth, profitability and agency value. As a matter of fact, organizations are more profitable and productive when they:

- Treat their staff with dignity, respect and compassion
- Engage openly and honestly with their customers
- Act ethically

The top 10 companies in the Global Empathy Index increased in value more than twice as much as the bottom 10 and generated 50% more earnings. Average earnings among the top 10 were up 6%, while the average earnings of the bottom 10 dropped 9% for the same period of time.

Please consider the following:

- Four of the 10 most empathetic companies -- Microsoft, Facebook, Apple, and Google -- are technology-based, the most profitable, and the fastest growing. These brands focus on being fresh, open and innovative with a passion to deliver customer and associate-centric experiences. Focusing on empathy, innovation, and the needs of those whom you serve will help your business grow, as well.

- Johnson & Johnson and Walt Disney are also ranked in the top ten. Both firms are world-renowned and trusted for the family experience resulting from their products and services. Your desire to gain “trusted advisor” status has parallel tracks to that of Johnson & Johnson and Walt Disney. It is your focus on an open, transparent, engaging customer and associate experience that will lead to success in an increasingly competitive environment
- You may find it interesting that Volkswagen was listed in the 95th position. We must conclude that an organization suffering from a history of inappropriate customer engagement will pay the price. A learning lesson is that ethical behavior is a key component of empathy. And leaders must exhibit strong ethics to ensure their organization’s reputation remains sterling.

Corporate empathy includes the cognitive and emotional understanding of others’ experiences so that an appropriate action can be taken. Business leaders who display empathy show a receptiveness to the requirements of clients and employees, as well as an authentic desire to engage with any situation needing resolution. These traits of strong, ethical leadership are increasingly tied to business profitability.

Knowing What Your Customers and Associates Want

How do high performing organizations do it? What strategies do these organizations employ to demonstrate empathy for both customers and associates? I would like to suggest the following seven strategies:

Strategy 1 -- Lead by example. When you model and demonstrate empathy, it is quickly integrated into your business acumen, and your customers and associates will instantly respond.

Strategy 2 -- Communicate openly and effectively with clients and colleagues. You will better understand the other person’s thoughts and opinions when you:

- See things from the other person’s viewpoint, not your own.
- Validate the other person’s perspective. When you consider their point of view without judgment, it enables you to formulate strategies that serve the best interests of all involved.
- Examine your own attitude. If you are more concerned about being right, you will not win the game of empathy. Please ask yourself the following questions. Do I view a difference of opinion as competition? Or is my highest priority to appreciate the other’s opinion, and find an agreeable solution? Without an open mind, you will not be able to create mutual empathy with clients or associates.
- Listen 85% of the time. It is essential that you absorb the key words and phrases used by the other person. Listen with your entire being – your ears, eyes, instincts, and heart – with the goal of determining what the person is saying both verbally and with body language. Attempt to ascertain how they are feeling about the situation.

- When it's time for you to respond, be encouraging and flexible. Watch the other person carefully for non-verbal cues that you are on target.
- Show respect. As a business leader, you will often have a better solution. However, a critical component of empathy is understanding, respecting, and sometimes implementing the other person's point of view rather than forcing your own viewpoint. This point can significantly improve employee morale, enhance leadership trust, and positively impact customer and staff retention.
 - Be authentic and share your own beliefs and experiences. On occasion, it is recommended that you show a vulnerable side. When you convey that you do not have all the answers and reveal your innermost feelings to another person, you create a strong empathic bond. Empathy is a two-way street that is built upon mutual understanding.

Strategy 3 -- Develop a creative vision. This is sometimes called "skill empathy" – the ability to imagine yourself in someone else's position and to feel what they are feeling. Take time to mentally create an image of yourself developing an honest, dedicated interest in others. Understand the thinking and motivation of your clients and associates. Then, imagine how you can harness creativity to find a solution. Visualize yourself creating effective strategies leading toward a successful outcome. Picture yourself becoming interested in the lives of those around you.

Strategy 4 -- Create a culture where ethical behavior is both demonstrated and promoted. Ethical behavior begins by making yourself keenly aware of your connection with other people and the broader communities in which they live. It is important that you integrate their values into your own moral judgment. When you appreciate and respect the perspective, and consider the moral actions that serve the broader community, you are demonstrating ethical leadership.

Strategy 5 -- Assess new employees' capacity for empathy. Become skilled at how candidates for employment display empathy. Consider asking probing questions that relate to scenarios in which they demonstrated this quality. A new hire who is aligned with your organization's empathic qualities will benefit the organization greatly. Leveraging empathy in the workplace is a simple, yet important way to establish an environment where employees care for each other.

Strategy 6 -- Develop a corporate memory plan. One of the largest sources of complaints is that customers have to repeat themselves over and over. Make certain that you and your colleagues pay special attention to conversations with your clients. Record the interactions and review them before any subsequent meetings. When your organization keeps records of client transactions, interactions, and preferences, your reputation for customer excellence will increase exponentially.

Strategy 7 -- Improve how your colleagues feel when serving clients. You and your associates must feel genuine concern your client's pain. And make every attempt not to view a needy client as an annoying interruption in your workday. If you are not able to achieve this strategy, a valued

client will sense that they are an annoyance and eventually stop doing business with you. Humans can quickly determine whom to trust, connect, and bond with. They will stop investing time and money if they view your organization as uncaring. Successful organizations understand that emotional and logical rationale goes into each and every client and prospective client decision.

By appreciating and cultivating empathy, you will become a better decision-maker, co-worker, and leader. And your organization will achieve higher levels of performance and growth. Empathy will transform your business and serve as the force as it moves forward. Empathy will also give you a competitive edge over your competition – one that is difficult to replicate. In today's challenging business environment, empathy must be seen as a business survival skill...one that is necessary to build a foundation of teamwork and leadership to accelerate organic growth.

About the Author

Scott Addis, CPCU, CRA, CBWA is the CEO of Beyond Insurance and is recognized as an industry leader having been named a Philadelphia finalist for *Inc. Magazine's* "Entrepreneur of the Year" award as well as one of the "25 Most Innovative Agents in America." Beyond Insurance is a consulting firm that offers leadership training, cultural transformation, and talent and tactical development for enlightened professionals who are looking to take their practice to the next level. Since 2007, the proven and repeatable processes of Beyond Insurance have transformed individuals and organizations as measured by enhanced organic growth, productivity, profitability, and value in the marketplace.