



Empower Employees to Be Decision-Makers

By Todd Gutner / Published November 05, 2012 / Business on Main



When you're used to being in charge, it can be hard to yield power to employees. But find out why learning to let go is actually the best thing for your business.

It's no surprise that so many entrepreneurs get tripped up following the old adage, "If you want something done right, do it yourself." One of the first steps to smart management for any CEO or leader, however, is not only learning how to delegate, but — even more important — learning how to empower employees. Allowing employees to make a decision on the spot in favor of the customer is one of the easiest strategies for driving a small business's revenues to greater heights. And yet it's also one of the most overlooked strategies.

Why is that? To answer that question, we turned to John Tschohl, an expert in customer service strategy, president of the Service Quality Institute and author of "Empowerment: A Way of Life." Called "the guru of customer service" by Time magazine and USA Today, Tschohl says that about 90 percent of all empowered decisions will cost less than \$50, and they turn frustrated customers into happy ones, bringing them back time after

time. The bottom line: Employee empowerment fuels customer service. Here are edited excerpts from our interview.

Toddi Gutner: Empowerment can mean many things to many people. How do you define it, and can you give me an example?

John Tschohl: The best way to define empowerment is through an example. Two years ago, when I went to a bank to open up an account, I got there at 7:15 a.m. in the morning. An employee drives up and I asked, “What time does the bank open up?” The employee said, “If you’ll wait just a minute, I’ll open up the door and you can wait inside until we open at 7:30.”

That’s empowerment. My old bank would have never opened the doors early. Then, once I was inside the bank, a VP came over and poured me a cup of coffee. Nobody said to the employee, “Why would you let someone in?” I just think it was very powerful. The result is I have hundreds of thousands of dollars in loans and lots of accounts at that bank, and the bank is doing well.

How often do employees feel empowered?

Unfortunately, the chance of an employee making an empowered decision is slim to none. During the last month, how many times have you seen an employee make an empowered decision? It’s the single most difficult thing to do. While all CEOs think their employees are empowered, the reality is they’re afraid to make even the smallest decisions. Ideally, companies need to educate and train people on empowerment. Management needs to be trained on how to push empowerment.

Why don’t employees make empowered decisions?

There are two reasons: First, in most cases, 98 percent of the employees are fearful that they’ll be fired or their manager will be angry with them. Second, if an employee takes it upon him- or herself to make an independent decision and waive a fee, then they are often stuck with paying for the fee out of their check.

Let’s say you give an employee the ability to waive a fee or give money back to a customer. What’s the financial component of that decision?

At the Ritz-Carlton, every employee, from the housekeeper and bellboys up to the senior vice president, has the ability to spend \$2,000 on the spot to improve a customer’s experience. But no one has ever [actually] spent \$2,000. It’s marketing money. [Without such an empowering system], half of your marketing money is [often] wasted — now you’ll use it as targeted marketing money [to problem-solve]. How do you get that customer to want to come back? Everybody is different, but you want to use a little common sense.

I was at a Johnny Rockets in Denver. I was in there five minutes, and nobody waited on me. When an employee came up and took my order, he said, “Why don’t you order a soft drink? It’s on us.” And then I’m eating away, and he offered me french fries for free. So what’s the real cost of a soft drink? Twenty-five cents. French fries? Twenty cents. So maybe he spent 45 cents on me. I put this story in my newsletter, and I went back two more times in Denver and brought a crew of people back with me. All that for 50 cents.

We are so interested in squeezing the nickel out of a customer, instead of making an ecstatic customer.

What’s the benefit of an empowered employee?

It’s very inexpensive marketing money. A small business doesn’t have the marketing money of a big business. For marketing, you create a great customer experience. There is no drawback, because your goal is to own the market.

Every owner of a company believes they are awesome at customer service. Yet 99 percent of customers think customer service doesn’t exist. There’s a huge disconnect there. There’s nobody more valuable than the customer — and the most important person in a company [to ensure that customers come back] is the employee.

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