Joe Wheeler, Author, *The Ownership Quotient*

Creating an Ownership Culture

Five steps for building customer and employee engagement to a level that creates competitive advantage.

In The Ownership Quotient, *authors James Heskett, Earl Sasser, and Joe Wheeler argue that the path to better performance starts with achieving a level of employee commitment they describe as ownership. Here, Wheeler explains why this may be the single most important idea you pay attention to this year.*

Don't think about ownership in the literal sense. The ownership we're describing concerns the degree to which customers and employees are truly engaged with an organization.

Organizations that have made their employees owners, like all of the firms in our book, are busy establishing competitive advantage by cultivating "owners" among their customers and employees. Owners are customers who don't just *say* they are willing to refer other potential customers; they actually do it. They are also employees who recommend friends and others as potential colleagues. They are customers and employees who suggest ways of improving products, services, processes, and relationships. Why is this important? An "owner" is worth more than 100 customers with whom your organization has a more casual relationship.

We suggest five steps for fostering high levels of ownership:

STEP 1 Start with your strategy. Look at the degree to which your current business strategy creates tangible value for both customers and employees. If it doesn't, change it. Companies with high ownership quotients (OQs) see creating value for employees as important as creating value for customers. For example, since 1984 Wegmans Food Markets has offered employees the Wegmans Employee Scholarship Program, which has provided more than $60 million in assistance to 20,000-plus associates. Part-time employees can receive up to $1,500 per year for four years, while full-timers are eligible to receive a maximum $2,200 per year for four years.

STEP 2 Put your best customers to work. Companies that want to increase their customers' OQ find ways to engage them. The good news from our research is that customers want to help. It can be something as simple as inviting them to participate in an online community or actually getting them to work for you. Your best customers may find a great deal of value in going to work on behalf of the company. Boston-based clothing retailer Karmaloop, for instance, creates products based on the design submissions of customers and rewards customers with incentives for recruiting new customers. The company refers to these people as "reps" and they account for about 15 percent of sales.

STEP 3 Boost your employee OQ. We see firms in our study investing in some key areas to increase their employee OQ—starting with recruiting the right people, orientation, training and development, and recognition. As a result, they experience lower turnover, lower costs, and increased revenue. For example, Fairmont Hotels & Resorts sees a clear relationship between hotels that raise their employee engagement scores and increases in customer satisfaction and revenue growth.

STEP 4 Engineer the customer experience to produce ownership. Blend the first three steps into an integrated whole that consistently exceeds the expectations of your target customers. Harrah's Entertainment has made a science out of marrying marketing with operations and human resources to personalize the customer experience and anticipate customer needs while maximizing spending. For example, the hotel and casino may send a coupon for a French restaurant to a customer via his cell phone moments after his plane lands in Las Vegas. His past behavior indicates that his preference is for French food. When he visits the restaurant, the service experience takes over. This integration of decision science with top-notch customer service is what my colleagues and I call "anticipatory management."

STEP 5 Create an ownership culture. Many of the companies in our study actually see their culture as a competitive advantage. Baptist Health Care, Rackspace Hosting, and Fairmont Hotels & Resorts each have been intentional at shaping a culture where ownership is the norm. At one Fairmont hotel, for example, front desk employees noticed that many customers missed their dogs while they were away from home. As a solution, they volunteered to bring their own dogs to work for guests to walk in the nearby park. This idea has caught on at several other Fairmont properties. At the Fairmont Copley Plaza in Boston, for example, a black lab named Catie Copley lives at the hotel. Guests pet Catie and take her for walks in the Boston Common.

To create your own ownership culture, start by taking a hard look at your corporate values. Are they described in a way that is measurable and that employees can act on? If not, find a way to make them real, guide decision making, and promote accountability and ownership.

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ONLINE EXTRA: Wheeler gives examples of companies that have mastered the ownership quotient. Go to **www.1to1media.com/links/wheeler.html**