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*Satisfaction is Cheap –
Loyalty is Priceless*

presented by
Irving L. Stackpole, RRT, MEd

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The Agenda

- Improving your business
 - Customer / consumer / employee satisfaction
 - Customer / consumer employee loyalty
- Managing / marketing for ↑ satisfaction
- Managing / marketing for ↑ loyalty
- Management Context: The overall economy

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Learning Objectives

- Describe current data / trends
- Identify factors that impact Satisfaction
- Describe factors that to impact Loyalty
- Describe tactics to improve Loyalty
- Methods to occupancy improvement

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The Challenges

- Growing your occupancy
 - Keeping the customers you have
 - Getting more *good* customers
- Recruiting & retaining the right staff

Managing for:

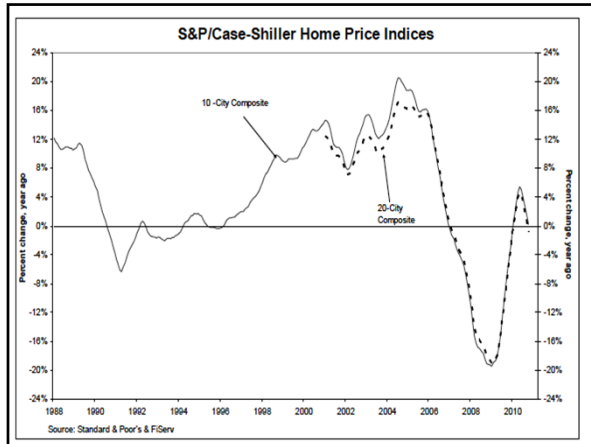
- Customer / consumer / employee satisfaction
- Customer / consumer employee loyalty

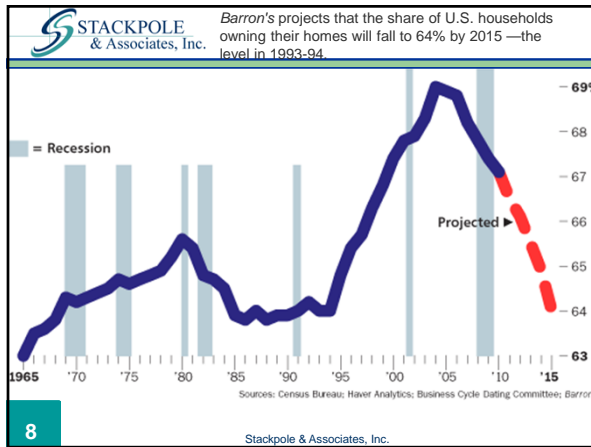
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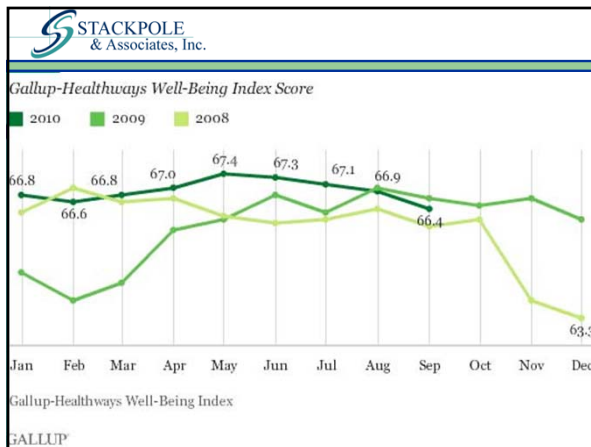
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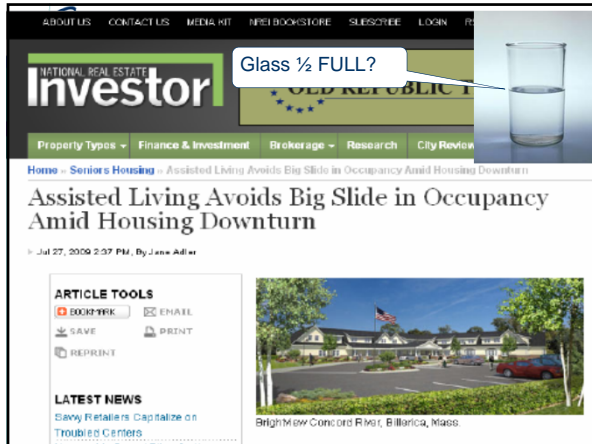
Current Situation / Trends?













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The Supply Side

- Nursing home occupancy rates declined from 85.5 percent in 2004 to 83.7 percent in 2008 showing excess capacity, at a time when the population is aging.
- Long term residency of "young cohorts" increasing to 14%

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The Supply Side

- Of the 1.4 million residents in nursing homes, 64 percent had their care paid by Medicaid, 22 percent had care paid directly out of pocket or by private payers, and 14 percent of residents were paid by Medicare in 2008. The percent of residents paid for by Medicare has increased by about 16 percent since 2004 with a reduction in the percent paid by Medicaid.

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More Supply Side

- The number of for-profit nursing homes increased from 65.9 percent of all homes in 2004 to 67 percent in 2009, while the number of non-profit nursing homes and public homes declined slightly. Nursing home chains were 54 percent of the total homes in 2009, showing a 3 percent increase over 2004.

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Occupancy Data

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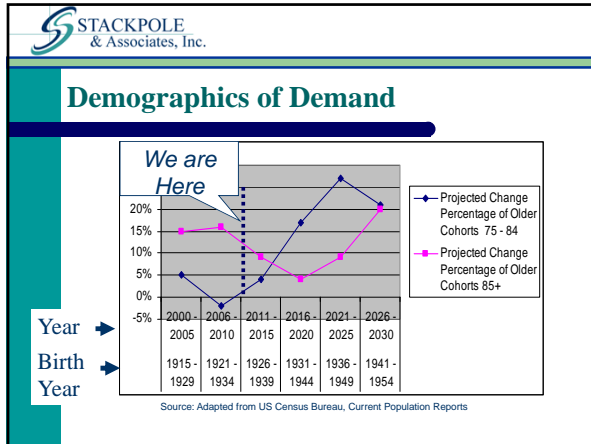
The impacts on our sectors

What are we doing to market and sell our way out of this??

Can we handle the truth?



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- ### Market Conclusions
- Market size static now
 - (-6.5 MM widows, grows 13 MM 2020)
 - Media messages are depressing
 - Disability rates are ↓
 - There are more options – ALRs, HCBS
 - Acuity (ADLs & IADLs) for consumers ↑
- And on the **Supply** side...
- Inventory of product is mixed
 - Somewhat old – some is *really* old


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What Is Satisfaction?

- **Definition:** fulfillment of a need
- Measured by self-reported rating, e.g.,

	Completely Disagree	Completely Agree
Overall, I was completely satisfied with the responsiveness of the staff.	1 2 3 4 5 6 7 8 9 10	


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What Is Loyalty?

- Definition: frequency / proportion of re-use: frequency / proportion of recommendation / advocacy
 - Are your customers loyal?
 - Willing to recommend?
 - **Do** your customers recommend?
 - **Do** your employees recommend?


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What's the Difference?

- Satisfaction → Subjective Domain
- Loyalty → Objective / Observable / Behavioral Domain

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So What?

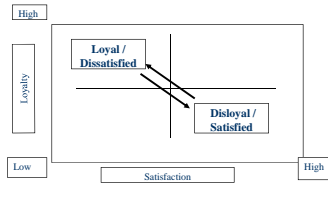
- **Do ↑ Satisfaction Levels**
- **Lead to ↑ Levels of Loyalty?**
- **Aren't Satisfied Customers Loyal Customers?**
- **No, Not Necessarily!**

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Satisfied Does not Necessarily = Loyal

Satisfaction / Loyalty Connection



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Satisfaction: The Real Story



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Loyalty: The Real Story

- Loyalty behavior when experience is good
- Loyalty behavior when experience is bad
- Effective Recovery = Loyalty

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Satisfaction/Loyalty Connection

Satisfaction – **Expectation**

➤ Cultural Opinion v. Sales Claims



- Pre-Conceived Ideas (prior providers, prior venue, e.g., home or nursing home)
- Word of Mouth
- What is the overall perception of “nursing homes”

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Satisfaction/Expectation

When is / was The Decision Made?


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Satisfaction/Loyalty Connection

- Satisfaction – Expectation
- Expectation “lives” in the future
- Expectations change with time
- Upward & Downward


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Solution Cycle / Sales Cycle

- The 1st purchase decision is very different from the re-purchase decisions (aka loyalty)
- Purchase – 1st time
 - Overcoming Objections, Empathy, Transactional Competence and Demonstration of Value
- Re-Purchase
 - Reinforcing Value, Transactional Competence
- Satisfaction vs. Loyalty


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More About Satisfaction

- Piece 1: Expectation
- Piece 2: Importance
- **Piece 3: Experience**
- Piece 3: Value

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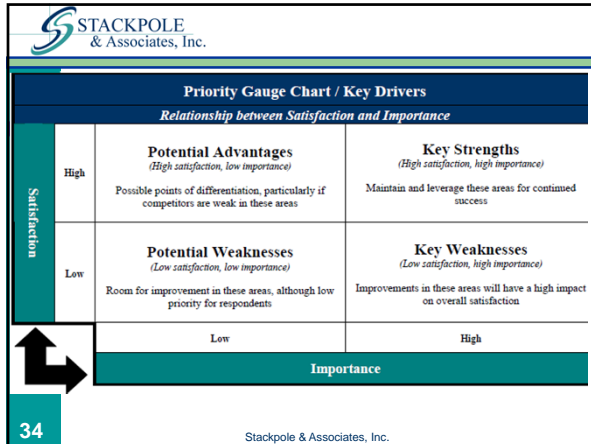
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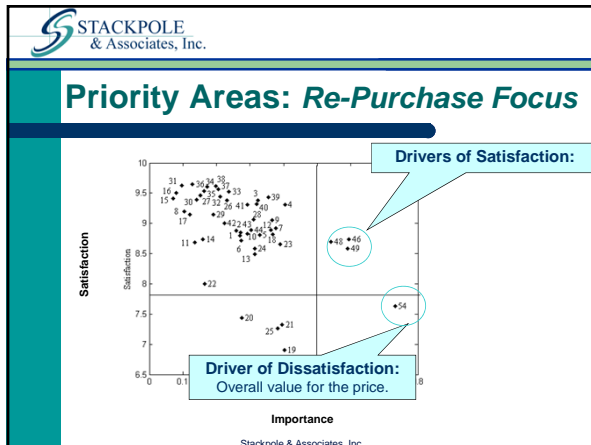
Satisfaction - Retrospectively

- Definition: fulfillment of a need
- Measured by self-reported rating, e.g.,

	Completely Disagree	Completely Agree
Overall, I was completely satisfied with the responsiveness of the staff.	1 2 3 4 5 6 7 8 9 10	

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Re-Purchase: The Loyalty Effect

- Consumer Satisfaction Rates are High
But
- Turnover Rates Are High
Why?

Contribution of **Value**
Value exists in the realm of "fairness"
Is this a fair price for this service?

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Conclusions & Recommendations

- Prospective & current customers' behavior is predictable – they don't want us – they need us
 - Support the need
- Aggressively attack the negative metaphor
 - Start with staff – move on to families
 - Ban the "F" word
 - Add "movement", action and kinesthetic language
 - Bring people in (if you can)
 - Get your people out

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What can we do?

- Keep the customers we have and make them so tightly bound to us – they wouldn't consider disloyalty
 - **Manage for satisfaction** → **loyalty**
- And this helps us - Get more of the customers we want

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Loyalty / Satisfaction Connection

- *Customer Service*
- *On What do Customers / Consumers base their assessments?*
 1. *The Pain / Pleasure Trend*
 2. *The High and Low Points*
 3. *The Ending*


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The Pain/Pleasure Trend

- *Customers prefer a sequence that improves over time*
- *Recommendation: Get the bad stuff over quickly*


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The Pain/Pleasure Trend

- Customers are sensitive to the duration of pain and of pleasure
- Recommendation: Segment / stretch the pleasure, combine the pain
- Recommendation: If pain is anticipated, choice helps

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The Pain/Pleasure Trend

- Negative experiences may be overwhelmed by positive endings
- **Recommendation:**
- **End Strong, e.g., goodbyes, notes**

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What About The Pain?

Service Errors and Recovery

- Effective Recovery → Loyalty
- Recovery Must Be:
 1. Prompt
 2. Authoritative
 3. Follow-Through

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What About The Pain?

Service Errors and Recovery

- The Correct Recovery
- Task Errors (Outcome) – Lost nightgown / wrong Rx
 - ✓ Recovery – Acknowledge, apologize, correction and confirmation
- Process Specific Errors – Rude, offensive behavior.
 - ✓ Recovery – Acknowledge, apologize / explanation & demonstration and confirmation

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What About The Pain?

- Service Errors and Recovery
 - Why Don't We All Get this Right?
 - Personal Defensiveness
 - Professional Pride
 - Culture of CYA
 - Loss of Wisdom → Turnover

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Satisfaction/Loyalty Connection

- Managing Loyalty
 - Don't major in the minor things
 - Know what's important, and how satisfied consumers & customers are.
 - Ask "Willingness to recommend" and then...
 - Ask them to recommend!
 - Testimonials
 - Testimonials with photographs
 - "Who should we contact?"

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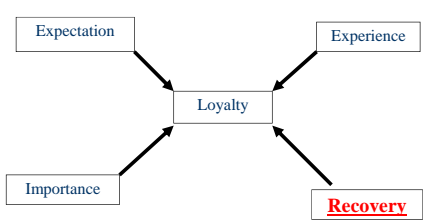
Satisfaction/Loyalty Connection

- Managing Loyalty
 - Track Referral Source as Internal vs. External,
 - Employee, Customers and Colleagues
 - "Word of Mouth" too vague

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Satisfaction/Loyalty Connection



```


    graph TD
      Expectation --> Loyalty
      Experience --> Loyalty
      Importance --> Loyalty
      Recovery --> Loyalty
  
```

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Tactic #1 - About our employees

- Generation Me
 - Entitled
 - Self Esteem is unrelated to actual performance
 - Committed
 - Want to do well while doing good
 - Cynical
 - Cannot make ends meet – no “American Dream”
 - Don't believe in Social Security – and more




Linking Resident Satisfaction to Staff Perceptions of the Work Environment in Assisted Living: A Multilevel Analysis

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Abstract

Purpose: This study examines the relationship between resident satisfaction and staff perceptions of the work environment in assisted living. Staff perceptions were assessed at the facility level, using aggregate measures of staff job satisfaction, organizational commitment, and views of organizational culture. **Design and Methods:** The sample included 335 residents and 298 staff members in 43 assisted living facilities. Data were collected by means of self-administered questionnaires. Two-level hierarchical linear models were used to test the hypotheses. With resident age, gender, and education controlled for, the relationships between resident satisfaction (Level 1 variable) and staff perceptions of the work environment (Level 2 variables) were assessed. **Results:** Greater resident satisfaction in the facility was associated with higher staff job satisfaction and more positive staff views of organizational culture (e.g., greater teamwork and participation in the decision making). From resident characteristics, only education was significantly related to satisfaction. More educated residents were less satisfied with assisted living. **Implications:** These findings suggest that a good quality of work environment for the staff contributes to a better quality of care for the residents. More research is needed to examine the causal nature of this relationship.

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Results: Greater resident satisfaction in the facility [sic] was associated with higher staff job satisfaction and more positive staff views of organizational culture.

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And this is still how we handle team members



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Tactic #1 - Leverage employees

1. Create a Referral Work Group
 - Not a committee
 - #5 cross functional members
 - Measurable goals
 - #4 referrals / month by ___/___/___
 - Don't meddle

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Tactic #1 - Leverage employees

2. Ask employees for help!
 - Referrals
 - Connect via social media
 - Groups on LinkedIn
 - Friends on Facebook
 - Monitor results
 - Altruism & reward
 - Mix / alter the rewards

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Tactic #2 - Educate the Community

- Find your audiences
 - Where are they
 - What do they need / want to know?
- Develop the message
 - Positive messages "stick"
- Deliver the content
 - Find the channels
 - Develop the relationships & make commitments
 - "Scrapbook" activity & success on your web site
 - Use Web 2.0 channels

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2 - Educate the Community cont'd

- Social media marketing
- Select your channel
 - Helpful information – content is critical
- Deliver the content
 - Make the commitment
 - LinkedIn v. Facebook

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Tactic #3 – Testimonials

- Loyalty: more valuable than satisfaction
 - Measure of Loyalty
 - Willingness to Recommend
 - Actual Recommendations
- Securing testimonials is an excellent measure of attitudinal loyalty
- Use testimonials aggressively

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Cheap subliminal suggestion →



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