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Exceeding Customer Expectations

What Enterprise, America's #1 Car Rental Company, Can Teach You About Creating Lifetime Customers

by Kirk Kazanjian

A summary of the original text.

THE NINE SECRETS TO ENTERPRISE'S SUCCESS

Why should anyone who isn't in the car rental industry be interested in business lessons derived from Enterprise? Because, as Warren Buffett has said, "...there is no more classy, or successful, company than Enterprise Rent-A-Car."

As many of its competitors lose business, market share, and money, Enterprise has been doing the opposite, becoming the world's largest and most successful rental car company.

Under the leadership of founder Jack Taylor, the company began with an initial investment of \$100,000 and just seven cars. Now, under the founder's son Andy, it's a \$9 billion global giant with a fleet of 800,000-plus vehicles at 7,000 locations, as well as 62,000-plus employees. It buys more new cars each year than any other company. What's more, it boasts the highest credit rating in its industry.

More importantly, the Enterprise Way works for companies outside the rental car industry. Look no further than Enterprise itself. The Taylor family also owns and operates a number of other diversified and completely unrelated businesses, from a distributor of in-room coffee packets to a manufacturer of Mylar balloons. All of these businesses have enjoyed similar success by following the exact same techniques and management principles.

The nine secrets to the success of Enterprise are:

1. Take care of your customers and employees, and the bottom line will follow.
2. To gain a competitive edge, be different.
3. Never settle for "satisfied."
4. Hire and train good people from the ground up.
5. Treat everyone like an owner.

6. Form strong partnerships.
7. Use technology to enhance the customer experience.
8. Grow smart.
9. Live your core values.



1. TAKE CARE OF CUSTOMERS AND EMPLOYEES AND PROFIT WILL TAKE CARE OF ITSELF

Let's start with the first principle: If you take care of both your customers and your employees, profits will take care of themselves. Of course, everyone in business talks about serving customers and valuing employees. But no other company does those things better than Enterprise, which *connects employee advancement with customer satisfaction*.

Enterprise looks for individuals who have an entrepreneurial spirit, and it compensates them as if they were owners of the business. Employees have real opportunities to move up from entry-level management positions and make impressive money. However, they can do so only by demonstrating an ability to not just satisfy customers, but make them completely satisfied.

Enterprise literally "goes the extra mile" for customers. The company will pick up customers at their homes, workplaces, the airport, or just about anywhere else.

Enterprise has a passion for customer convenience: It has a branch within 15 miles of 90 percent of the American population, as well as a growing presence in Canada and Europe.

Enterprise is very interested in attracting customers. But it's nearly obsessed with repeat business. It recognizes that it costs five to six times as much to gain new customers as it does to keep current ones.

It has learned that there are six primary reasons people stop doing business with a company:

- 1 percent die.
- 3 percent move away.
- 5 percent develop other relationships.
- 9 percent leave for competitive reasons.
- 14 percent are dissatisfied with the product.
- 68 percent go elsewhere because they were treated poorly.

Clearly, retaining customers means building personal relationships with them. If customers generally leave because of bad treatment, the solution is to make certain they get good treatment.

Providing service that completely satisfies customers isn't a mystery or a high-cost endeavor. Rather, it involves the basics: Shaking hands with people, looking them in the eye, greeting them by name, finding out what their needs and concerns are, and solving their problems.

Keep in mind that having "satisfied" customers isn't enough at Enterprise. The reason is straightforward and backed by research: When you exceed someone's expectations and bring them to the "completely satisfied" category, they are at least 70 percent more likely to do business with you again. The strategy is clearly effective. Standard & Poor's calls Enterprise the most financially sound rental car company in the world. Its employees are often highly sought by recruiters at other firms, from a variety of industries.

Clearly, Enterprise is a different kind of company.



2. GAIN A COMPETITIVE EDGE BY BEING DISTINCTIVE

In a competitive environment, your products and services must be distinctive enough to create a magnetic appeal to customers.

Enterprise always has made an effort to stand out from the pack. That's not an easy task in an industry where all the competitors basically offer similar auto models and prices.

Let's look at eight distinctive elements at Enterprise:

- First, ***it requires employees to dress for success.*** Professionally dressed employees put customers at ease, and convey an image of respect for their jobs and customers. When necessary, Enterprise gives employees a special allowance to help pay for new clothes.
- Second, ***the company constantly remains open to new opportunities,*** including those that may be unconventional in its industry. For example, to grow rapidly, Enterprise regularly conquers new markets, and does so profitably. As part of its growth strategy, Enterprise operates several other auto-related businesses, including fleet services, retail used car sales, and commercial truck rentals.
- Third, ***the company is unique in how it obtains and manages its rental fleet.*** Most of its competitors lease their vehicles from automakers, but Enterprise buys its cars outright. By buying in volume, Enterprise can negotiate big discounts. Later, the company's remarketing group goes into action, selling hundreds of thousands of vehicles annually.
- Fourth, ***it seeks out innovative ways to make use of company resources.*** It strives to keep revenues coming in even on weekends, which tend to be slower. One way it does this is by offering rentals for half off from Friday through Monday.
- Fifth, ***it empowers employees to make decisions that result in new ways of doing things.*** Its emphasis on hiring, motivating, and retaining service-oriented employees gives it a real edge in terms of people.
- Sixth, ***it sets its sights on capturing parts of the market that other companies have ignored.*** For example, while Hertz, Avis, and other companies were competing ferociously for expensive real estate near airport runways, Enterprise was growing dramatically by opening locations in strip malls, industrial parks, and inside of car dealerships.
- Seventh, ***Enterprise makes it as convenient as possible for customers to use its service.*** The company is famous now as the rental car company that picks up customers. That policy traces back to its early deals with insurance companies. In many cases, customers had incapacitated cars, and could not get to Enterprise.
- Eighth, ***it doesn't haggle over prices when it sells cars to retail buyers.*** Instead of negotiating on price with buyers as almost every other car dealership does, Enterprise offers all vehicles for a flat fee, below "Blue Book" prices. The company's absolute refusal to fight over prices is unique. Also, contrary to industry practice, Enterprise offers a free one-year limited warranty with each used vehicle, as well as a "no questions asked" seven-day money back guarantee.

The steps Enterprise takes to distinguish itself seem relatively simple. But it executes them better than any other rental car company.

If your company isn't distinctive, then you're not giving customers a reason to do business with you, versus the competition.

An important way that Enterprise distinguishes itself is by settling for nothing less than complete customer satisfaction.



3. NEVER SETTLE FOR MERE CUSTOMER "SATISFACTION"

Satisfying customers is important. But a customer you merely satisfy is one that might find greater satisfaction with a competitor.

As Enterprise has learned, determining customer satisfaction, and deciding how to improve it, can be complex. A systematic approach works best.

The company's system for tracking customer service is comprehensive and highly effective. It goes by the name of *Enterprise Service Quality Index*, or ESQi.

In the acronym, the first three letters are capitalized, but not the "i". That's because, as one Enterprise manager explains: "We want to keep the focus on *service* and *quality*, not the *index*."

Every Enterprise branch is assigned its own ESQi score. It represents the percentage of customers who characterize their rental experience as *completely satisfying*. ESQi scores have statistical validity on monthly and quarterly bases. Every branch, area, and group knows the score of its Enterprise counterparts.

The scores are absolutely crucial for those seeking to move up. For example, if a branch manager's ESQi score is below the company average and he/she is otherwise in line for a higher management position, he/she won't get it until the number improves.

Enterprise has become synonymous with ESQi, but it's a fairly new development. Until 1989, the company generally assumed that customer service must be in good shape because Enterprise was growing rapidly. However, a focus group of customers raised some troubling questions. They suggested that the company's customer service was inconsistent, which was shocking news to the company.

Like many companies experiencing rapid growth, Enterprise apparently was experiencing some lapses in customer service. The company's senior managers recognized the need to create a more accurate way to track customer satisfaction.

Through trial and error, they learned that customer surveys shouldn't be infrequent occurrences. Surveys must take place regularly, and should not consist of forms that customers fill out. That's because written surveys don't get taken very seriously, don't have high reliability, and often don't get returned.

The most candid surveys occur face-to-face, and that's how the initial one should be conducted. Follow-up surveys should take place over the telephone.

Enterprise uses surveys to zero in on specific locations. This enables the company to determine precisely where their customer satisfaction is highest and lowest.

In addition to measuring customer satisfaction, Enterprise uses systems to improve satisfaction. The company segments every contact with customers. These are sometimes called *touch points*, but Enterprise refers to them as *the cycle of service*.

They consist of moments of truth, or critical interactions that give an organization a chance to differentiate itself. Each step of the cycle influences both the team's overall ESQi score and the customer's perception of the team:

- The first step generally is a ***telephone call***, a customer's initial contact with Enterprise. Issues here include how many rings before the call gets answered, how often customers are put on hold, how pleasantly they are greeted, and how effectively the employee makes the sale.
- The next step is ***the customer pick-up***, which is Enterprise's unique opportunity to build strong relationships with customers. Factors here include being prompt and courteous,

chatting personably, establishing eye contact, using the customer's name, and helping load personal items.

- Then there's the **branch arrival**. Factors here include treating the customer like a family member, explaining thoroughly the rental process, and giving the customer a number to call if there's a problem.
- Next, there's the **rental contract**. Enterprise trains its employees to explain important aspects of the contract to customers, so they're clear about what they're signing.
- The next element in the cycle is the **car** itself. It should be clean, and an employee should make sure the customer understands how it operates.
- Some special elements of service offered by Enterprise include **callbacks** and **switchouts**. Essentially, callbacks are follow-ups Enterprise makes with body and service shops to see when customer vehicles will be ready. Switchouts occur when the specific model a customer wants isn't on the lot, and it involves employees switching cars for customers when the desired model becomes available.
- The **return of the vehicle** is important. In addition to handling the return quickly and efficiently, Enterprise employees again smile, shake the customer's hand, and ask how the rental experience went.
- The final step is an **invitation to return**, which is a friendly reminder that Enterprise can meet the customer's future rental needs.

The goal of the cycle of service is a completely satisfied customer. Instead of waiting for complaints, Enterprise's people try to sense any unhappiness that might exist, and then make the situation better.

Through ESQi, Enterprise has identified six attributes that have the greatest effect on customer satisfaction. They are:

1. Courtesy
2. Professionalism
3. Timeliness of service
4. Treatment as a valued customer
5. The mechanical condition of the car
6. Timeliness to complete the rental transaction

Clearly, most of these attributes have to do with service quality rather than product quality. And service is something that any company can address. Negatives in any of these areas are destructive to overall customer satisfaction. By concentrating on these factors, groups can raise their ESQi scores.

Of course, the most important element in customer satisfaction is the quality and dedication of the people providing the service.



4. HIRE AND TRAIN GOOD PEOPLE FROM THE BOTTOM UP

Hiring, training, and motivating good people have sparked Enterprise's rapid growth and strong profitability.

Characteristics of the employees the company wants include: flexibility, strong listening and communication skills, a solid work ethic, ambition, self-motivation, goal orientation, and persuasiveness. Also, leadership abilities are especially important.

The company hires individuals who demonstrate a passion for taking care of customers. But how can you determine an applicant's capacity for customer focus? The best way is to ask them good questions about how effectively they've dealt with customers and others in the past.

Enterprise's success also derives from its commitment to treating workers like owners. The rationale is that owners get compensated based on the bottom line, so they always have an incentive to come up with better ways to accomplish two goals:

1. Satisfy customers
2. Cut costs

When hiring employees, make them aware of the opportunities they have to work their way up. Additionally, set *realistic expectations* for the compensation levels they can anticipate.

Also, communicate the company's mission — and keep reinforcing it. Make sure you continuously *train employees to take great care of customers*.

What's more, let employees *know exactly where they stand in terms of performance*. Review an individual's performance several times during the first year — and at least annually thereafter.

As Enterprise does, help your employees *set ambitious but realistic goals*. Then, ensure that they're making progress toward meeting their goals.

What's more, make certain you don't frustrate highly talented workers. That means *allowing them to move into other areas of the business*, if they have the desire and skills to do so.

Finally, *demonstrate a continuing commitment to diversity*. Your workforce should reflect the customers you serve now, and the ones you'll serve in the future.

To motivate all of its people, Enterprise treats them as owners rather than employees.



5. TREAT EVERYONE LIKE AN OWNER

Many companies have taken steps to make employees feel more like owners. Some award stock options, others offer stock purchases at a discount, and still others pay annual bonuses based on corporate and individual performance.

But few companies equal Enterprise in allowing employees to behave like, and be compensated as, owners. It transforms workers from their typical status as wage-earners into entrepreneurs.

Enterprise's distinctive approach is evident in its unique operational structure, as well as in its extremely generous compensation. The company pays out to employees nearly 40 cents of every dollar in profits.

In terms of operations, Enterprise consists of groups, regions, areas, and branches.

Chief Operating Officer Pam Nicholson explains the system this way: "Employees run each of these groups and branches as *individual businesses*. Everything is done locally." She adds, "Each group has its own accounting, recruitment, car sales, and marketing teams."

The reason every business segment operates autonomously is that Enterprise believes the individual unit knows what's best for its community and customer base.

Enterprise workers who become assistant managers receive a base salary and a cut of the unit's profits. Thus, employees who focus laser-like on customer care find themselves taken care of by the company.

Enterprise isn't one of those companies that falls into the trap of seeing payroll cost mainly as a drag on profits. It knows that spreading the wealth increases the company's profitability.

Bonuses can grow as people's responsibility increases. When they get promoted to the area, region, and group levels, they receive a share of the profits from all operating units below them.

There's a heavy focus at the company on moving up. Each promotion leads to more responsibility and a greater ability to lead organizational change, as well as a bigger bonus. The amount of compensation tied to performance can be substantial. While a branch manager at Enterprise might have only 10 or 20 percent of his or her salary in the form of a bonus, 80 percent or more of a general manager's overall compensation comes from profitability. For some corporate officers, that number can be as high as 99 percent.

The company also breaks with convention in paying bonuses on a monthly basis (instead of annually) based on the profitability of the company that month. With that approach, bonuses never fall into the out-of-sight, out-of-mind category.

Enterprise shows that it's not necessary to hand out stock options to get employees to act as owners. But it *is* necessary to share part of the wealth that workers help create.

That win-win philosophy is also behind the company's success at creating partnerships with other businesses.



6. FORM STRONG PARTNERSHIPS

Enterprise is a company built on strong relationships. It has many solid business partnerships with insurers, auto manufacturers, corporations, car dealerships, body shops, and credit unions.

The partnerships have been key growth drivers, and they give Enterprise an extremely strong competitive advantage. The company commits itself to making these partnerships succeed and endure, even if it means taking a temporary cut in business.

Enterprise's most crucial partnerships are with insurance providers. State Farm alone reserves an Enterprise car every nine seconds. The insurance market accounts for more than half of the company's revenues. Other rental car companies try to make inroads into this attractive business, but Enterprise remains far and away the leader.

There are several reasons for that. First, it has worked hard to maintain close relationships, built mainly at the local level, with the insurance industry. Traditionally, Enterprise people have made what they called doughnut runs. That involves bringing doughnuts to insurance offices, as well as body shops and car dealerships.

Customers appreciate the doughnuts, but the conversations that take place are the keys to sealing relationships. Enterprise people *listen* to customers, *hear* their problems, and *help* them come up with solutions.

In sealing partnerships, Enterprise is creative. During one extended heat wave, a branch manager rented an ice cream truck and brought refreshing treats to customers.

Also, the company's trademark "We'll Pick You Up" service originated mainly as a way of convincing a single insurance agent to rent replacement vehicles.

As the insurance business grew, Enterprise added more features to the relationships. For example, it began monitoring a policyholder's entire repair process for the insurance company.

Enterprise's telephone traffic to handle contact with repair shops, adjusters, and customers quickly shot up to 600,000 calls per day. By 1994, various insurance companies were working

with Enterprise to cut down on phone calls and faxes by coming up with a national solution.

It was a complicated task, reflecting the complexity and diversity of hardware and software systems used by the various insurance companies. The solution Enterprise built was ARMS, short for *Automated Rental Management System*.

It works this way: When a policyholder has an accident and files a claim, the insurance adjuster logs onto ARMS and creates a reservation for a customer. The reservation is electronically submitted to the appropriate Enterprise branch, based on the customer's phone number or ZIP code. The approach eliminates any needs for calls or faxes from Enterprise's home office.

Once an Enterprise employee receives the reservation, he or she contacts the customer to set up the details, and then monitors the entire process online. That allows adjusters to see how long the car is out, and to check updates along the way.

Developing the program required an investment of \$40 million. Significantly, one of the system's main goals was to increase efficiency and thereby reduce the number of rental days.

That commitment disturbed some Enterprise field managers, but the company adamantly believed ARMS would lead ultimately to *more* business. It would do so by bringing efficiencies to insurance companies and, therefore, making them happier.

Making the ARMS program a success required Enterprise to set up a comprehensive training program for adjusters. Over the years, the company has retained an unwavering commitment to serving its partners and saving them money, even when such steps might seem counterintuitive.

Underlying Enterprise's unmatched capacity to form close partnerships are six steps:

1. ***Identify the critical concerns of your customers and potential partners.*** With ARMS, Enterprise came up with solutions for the two major problems the insurance companies identified: reducing their total cost per transaction and managing repair shop relationships.
2. ***Determine what mutual benefits will derive from the partnership.*** For a relationship to work, it must be good for both sides.
3. ***Go into the relationship with a complete commitment.*** For example, Enterprise introduced ARMS less for the immediate returns it would produce but rather for the long-term loyalty and additional business it would generate.
4. ***Avoid going for "the last oink out of the pig."*** Enterprise doesn't try to squeeze the last penny out of a partnership deal, but rather to share efficiencies.
5. ***Keep the lines of communication fluid and open.*** Enterprise asks its partners questions like: "How can we add more value for you? How can we help your business? What more can we provide?"
6. ***Never rest on your laurels.*** Even though it is the leader in the rental car industry, Enterprise wants to get better and is always ready to learn new things.

That's also the approach it has taken with technology.



7. USE TECHNOLOGY TO ENHANCE THE CUSTOMER EXPERIENCE

At Enterprise, the primary use of technology should be as a tool to enhance the customer experience. Since service is the heart of the business, technology must complement, not replace, the human touch.

Your technical people should understand the business the technology serves. Programmers shouldn't be isolated from the rest of the company. They must be part of a team dedicated to serving the business and living the company values.

For example, when Enterprise hired its first chief technology officer in 1973, the CEO didn't ask him to start writing code immediately. Instead, he was sent to work in the field for nine months. In this way, he could rent cars at branch offices, meet with employees, and learn the details of the business. By learning what the rental process was like for the customer, he was better prepared to write a program for making it more customer-friendly and efficient.

For many years, the company's rental transaction had been a manual process. That involved writing forms by hand, tracking cars on chalkboards, and jotting customer information on index cards.

As the business grew, the resulting paperwork avalanche threatened to overwhelm the capacity for customer service. In the 1980s, Enterprise decided it was essential to start automating the rental functions to take better care of customers.

The company developed a new system called ECARS, or *Enterprise Computer Assisted Rental System*. In its first iteration, ECARS served simply to open and close rental tickets. Enterprise saw that the system saved time and improved performance in ways that strengthened customer service.

Managers who used ECARS loved it, and the company began to roll it out across the country. The company also built in analysis and reporting tools.

Enterprise initially relied on a host system in St. Louis and telephone connections to branch offices. But that made the company dependent in each city on a single telephone provider, which was not a good bargaining position and one that often led to long service delays.

Enterprise soon decided it couldn't wait for phone service providers to fit it into their schedules. The company then embraced a satellite network. Each branch got a small parabolic antenna that sent and received data through a satellite, and connected each location with a much larger antenna in St. Louis. The satellite system allowed the company to open a branch in as little as 24 hours. Reliability was excellent.

Enterprise's IT department developed a form of e-mail that allowed all locations to share important data. In a time of rapid expansion, electronic communication allowed everyone in the company to remain on the same page.

But as the 1990s progressed, ECARS began showing its age. It was storing a lot of data, but it wasn't helping the company to take better care of customers. The original ECARS was working well as a customer transaction program, but not as a customer relationship program.

So, Enterprise came up with ECARS 2.0. It has new features that allow employees to use technology to take better care of customers. Also, it provides an improved fleet management tool.

With the new system, the company found problems with the delays caused by satellite transmission. So, it set up a private virtual network, connected through landlines. It could do so mainly because of the dramatic upsurge in competition between telephone network providers.

Of course, with its new technologies, Enterprise incurred costs. But they were secondary to the ability to exchange crucial information and, especially, to improve customer service.



8. GROW SMART

Enterprise rejects growth for its own sake. In fact, the company believes growth must make

sense in terms of its core competencies, brand identity, and profitability.

For Enterprise, top-line growth isn't enough. It doesn't confuse getting *bigger* with getting *better*.

In terms of growth strategies, it's instructive to focus on the company's evolving attitude toward airport locations. As we've seen, it built its business mainly by avoiding the crowded airport markets.

It did so for many reasons, including the facts that other national brands dominated the airport business, and operating costs were expensive. Moreover, because of the speed of transactions at airports, Enterprise couldn't showcase its customer service skills. Thus, the company locations near airports tended to have lower ESQi scores than other branches.

However, Enterprise never denied the size of the airport market, and, given the freedom of the company's managers to act like entrepreneurs, some of them decided to open branches near airports. Employees would then pick up customers in the vicinity of baggage areas.

Yet, many airport travelers had been on a long plane ride. They didn't want to wait for someone to pick them up.

Enterprise's view of airport locations began to evolve. It wasn't against operating at airports, but only if it could provide its usual high level of customer service.

For an initial test site, it chose Denver, which in 1995 was opening the first major new airport in 30 years. Twenty-four miles from the city center, it was on a flat prairie with no off-site locations appropriate for branches.

Enterprise rented space at the airport and studied which of its practices could be adapted to the new location. It discovered that the simple things, which made a difference in the city branches, worked at the airport, too. Employees helped customers with their baggage, made sure they knew how to operate the vehicle, and closed the rental by finding out what they could have done better.

In the past decade, it has captured roughly 8 percent of the overall airport market, which now produces about 10 percent of the company's revenue. It has also earned J.D. Powers and Associates' highest rating for customer satisfaction at airports.

Enterprise had to adapt again when it expanded internationally. Its move into Canada was relatively seamless, because the market is so similar to the U.S. In Europe, however, the learning curve was much longer. For example, Enterprise found that Germans like to rent and drive German cars. Color preferences are also different. In the U.S., white is the most popular color for rental cars; customers in the United Kingdom prefer silver, and blue is more popular than red. It proved to be an expensive lesson, as rates for white and foreign-built cars had to be dropped in order to keep them rented.

Having learned these lessons, Enterprise has been successful in Europe, with more than 450 locations and 40,000 cars in its European fleet. In 10 years, it has accomplished the growth that it took 25 years to reach in the United States.

But Enterprise only pursues growth if it is in line with its core values.



9. LIVE YOUR CORE VALUES

Like the world's other top companies, Enterprise lives by a clear set of core values. Great organizations not only know *what* they're doing but also *why* they're doing it.

Core values are the essential and enduring beliefs and ideals that influence an organization's thoughts and actions. They transcend economic cycles, management changes, technological advances, and marketplace fluctuations.

Often, core values emerge out of the lessons and stories handed down by the company's founders. In Enterprise's earlier days, Jack Taylor, and later his son Andy, would explain directly to employees their beliefs about the right ways to do business.

But in the 21st century, Enterprise is a much larger company, so it has codified its core values. Now, all employees get a written copy of the eight defining values, which are:

1. Our brand is the most valuable thing we own.
2. Personal honesty and integrity are the foundation of our success.
3. Customer service is our way of life.
4. Enterprise is a fun and friendly place.
5. We work hard, and we reward hard work.
6. Great things happen when we listen to our customers and to one another.
7. We strengthen our communities one neighborhood at a time.
8. Our doors are open.

Combined, the eight values are specific to Enterprise, but the belief system they reflect is relevant to all organizations. Let's look at each value more closely.

First, ***protecting the brand is critical***, because it's the company's most important possession. The brand reflects the company's reputation, which each employee maintains by providing top-flight service and strong personal values.

Second, ***personal honesty is a must***. At Enterprise, people enjoy a lot of independence, but if the company has a solid reason to question their integrity, then they're asked to leave.

Third, nearly all companies express a commitment to ***customer service as a way of life***, but at Enterprise it's an obsession that begins at the top and dominates the entire organization. Customer service is the main factor underlying ESQi. Each branch's score is displayed right next to the profit numbers on monthly financial statements.

Fourth, with all the demands on employees, they won't stay with the company if they don't enjoy their jobs, so it's essential to create a ***fun, friendly, and teamwork-centered place to work***. For example, Enterprise promotes friendly competitions between branches in different cities, with the two sides getting together to socialize and get acquainted.

Fifth, employees sometimes must work long hours and deal with cranky customers, so they should ***get rewarded for working hard***. Enterprise rewards its people with bonuses for performance, recognition, and opportunities for promotions.

Sixth, ***listening to customers and employees*** has led to the policies and practices that have set Enterprise apart from the competition and fueled its growth, from picking up customers to entering the airport market.

Seventh, Enterprise's top management sees it as a local company that does business in thousands of neighborhoods. It ***strengthens communities*** by purchasing vehicles from local dealerships where it operates, supports thousands of local organizations, and encourages employees to take an active role in their communities.

Eighth, an ***open-door policy*** is a core value at Enterprise because its success depends on reaching out to people of all backgrounds. It is also dedicated to remaining open to new ideas, instead of being stuck in the traditional ways of doing things.



CREATE YOUR OWN "ENTERPRISING" COMPANY

To sum up what has made Enterprise so successful over the past five decades, it really comes down to five practices:

1. ***Convince every employee that taking care of customers and employees is job number one.*** At Enterprise, the top executives demonstrate their commitment to this belief through their actions every day.
2. ***Empower workers as entrepreneurs, and base a percentage of their compensation on bottom-line results.*** By using this approach, Enterprise not only brings out the best in its employees, it also causes them to think twice about unnecessary expenditures and fosters strong loyalty.
3. ***Hold employees financially accountable for offering excellent customer service.*** By tracking how satisfied each renter is, Enterprise can determine which workers are best at taking care of customers, and reward them.
4. ***Establish strategic partnerships.*** Enterprise would not be where it is today if not for its strong alliances with body shops, car dealerships, and insurance companies.
5. ***Dare to be different.*** From the way it pays workers to its target market and even its office locations, Enterprise has always stood out from the crowd. And as its big competitors struggled financially, Enterprise has differentiated itself in another way: It has continued to achieve record profitability, year after year.



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Kirk Kazanjian is the bestselling author of more than a dozen business, investing, and personal finance books. A former award-winning television news anchor and business reporter, he is frequently interviewed by the media.

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