Better CX Begins with Employees

Where Voice of Customer, Employee Engagement, and Voice of Employee Intersect

Author: Paul Warner, Ph.D., Vice President, Employee Experience Solutions

Abstract

As far back as 2008, the service or value-profit chain established the integral relationships between profitability, customer loyalty, and employee satisfaction, loyalty, and productivity.

Connecting customer experience (CX) and employee experience (EX) provides more intelligence on companies' opportunities and risks, and helps them take better care of these important audiences. Employee Experience brings an important data source and an enhanced lense to experience intelligence.

We recently conducted an analysis and found that nearly one-third of employee engagement feedback contained themes related to the customer experience. Comments included perceptions around how teams could work better together for the customer; how managers can better support employees when dealing with customers; and the barriers that exist in providing an exceptional experience. Not only is the number of comments surprising, but also the fact that these comments emerged from a process designed to gather feedback on the employee experience and their perceptions of the company—not necessarily the customer experience.

It became very clear that employees at all levels of the organization have a perspective on the customer experience, but companies do not have consistent channels to to share those ideas and put them into action. While an employee engagement survey is a channel in which they can talk about how they view the company, its leaders, and their day-to-day experience, it is not the most effective way to gather data around how they view customer experience.

In addition, employee engagement feedback is typically delivered to a human resources department charged with engaging the workforce, not improving customers' experiences. As a result, rich information and practical ideas do not get the attention they deserve from the people who have the ability to impact the business. If the information is shared at all, it will be in an informal or nonsystematic way; further limiting the power of the intelligence.

This white paper will explore the difference between employee engagement and Voice of Employee (VoE), and how both can be harnessed to improve the customer experience.

Solving the CX Equation

DID YOU KNOW?

Employee engagement has more of a connection with customer satisfaction than sleeping pills have on reducing insomnia?

SLEEPING PILLS & IMPROVEMENT IN INSOMNIA: R = .30

EMPLOYEE ENGAGEMENT & CUSTOMER SATISFACTION: R = .43 [1]

Your brand's overall customer experience is a lot like a mathematical equation. It includes a number of variables. When one variable changes, it can radically affect the end solution. X+Y will yield a much different result than X+Z. Even more importantly, removing a variable entirely will result in an incomplete or unsolvable equation.

As the practice of customer experience has matured, two important variables have emerged: Voice of Customer (VoC) and employee engagement.

In the past, most brands ran these programs in silos. And in the early stages of maturity, that was probably fine. Today, this fractured approach is no longer tenable. Studies have shown again and again that employee engagement and a successful and differentiated customer experience are intimately connected.

What hasn't been readily apparent is that there's a third variable in the equation that has been almost totally ignored: Voice of Employee (VoE). VoE is the process of gathering and analyzing employee feedback to improve the customer experience.

A recent study by CustomerThink and InMoment found that 66 percent of CX professionals consider employees the top source of actionable intelligence about their organization's customer experience.[2]

A universally accepted truth is that more engaged employees lead to happier customers. And that's still true—to an extent. Creating engaged employees now means more than providing benefits.

With more millennials joining the workforce, expectations have changed. Good benefits and perks are now table stakes. Measuring this type of satisfaction is the very definition of employee engagement. However, employees want to actually contribute and give feedback that will ultimately impact the business and their customers. That's where VoE comes in.

When you combine the power of satisfied employees (employee engagement) with the impact of their firsthand knowledge of the customer (voice of employee), you have a more complete template for solving the CX equation.

DEFINING THE ROLE OF THE EMPLOYEES IN CUSTOMER EXPERIENCE

- **VOICE OF CUSTOMER:** The collective process of capturing intelligence about customer needs and feedback.

- **EMPLOYEE ENGAGEMENT:** The extent to which employees feel passionate or emotionally vested about their jobs.

- **VOICE OF EMPLOYEE:** The process of gathering and analyzing employee feedback to improve the customer experience.

The Known Quantity: VoC

In previous white papers, we covered how to take your CX and VoC programs from what is to what is possible, so we won't spend much time on that here. The most important thing to take away is that employees and their perspectives are critical in creating a customer-centric culture.

CX Success Requires Alignment

In most companies, regardless of department or role, winning in the marketplace means creating satisfied customers. Too often, your employees are so focused on individual and team goals that they can lose awareness of the big picture. When employees are constantly striving to hit their numbers, they are no longer following the mindset of putting the customer first, which leads to a misalignment of priorities and perceptions across the business.

A customer-centric culture is key to a differentiated customer experience, and engaged employees are key to a customer-centric culture. So how do you create more engaged employees?

Employee Engagement

We live in the world of the empowered customer, and they have more options than ever before. Trying to stay ahead of the competition in the customer experience playground can be exhausting. The old adage called the service profit chain states that engaged employees create happy customers who then drive higher profits.[3] This is still true—but only to a degree.

The truth is, instead of a straight line from engaged employees to profit, the process actually works more like a continuous circle, where each element impacts the other.[4]

HAPPY CUSTOMERS → **PROFIT** ← **ENGAGED EMPLOYEES**
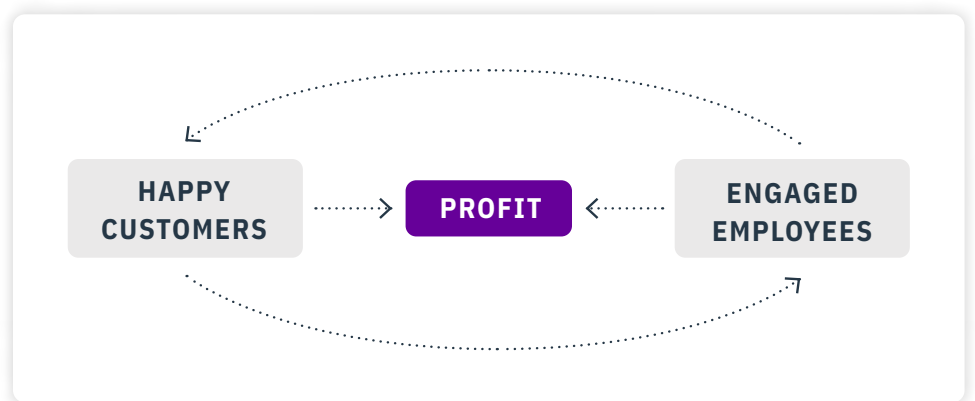
Let's look at an example.

Employee A is having an off day, when Customer B walks into Employee A's store. Customer B has been to this location before and loves everything about it; she's a true brand advocate. Because Customer B has had previously positive experiences, she is already assuming she will have another good experience.

Customer B asks Employee A for help finding the item she wants. When Employee A is able to help her, she purchases the item and leaves the store satisfied. She also leaves positive feedback and a specif-

ic mention of how great Employee A was in her comment.

Employee A receives this positive feedback (hopefully in realtime if you have the correct vendor in place) and feels appreciated. When the next customer enters the store, Employee A is much more engaged and provides an even better experience.

In both cases, the customer and the employee have a good experience, and this mutually positive interaction benefits the business.

Engaged Employees Boost CX Success

The data around employee engagement and its impact on revenue has been growing. The Harvard Business Review[5] reported that 71 percent of businesses surveyed ranked employee engagement as "very important" in achieving overall organizational success. Additionally, companies with high employee engagement scores have twice the customer loyalty of companies with average employee engagement levels.

These results reinforce that the success of employee engagement is measured not just by satisfaction scores, but also employee desire to provide a better experience. Employees are people, and people have an innate desire to engage in meaningful activities. It's no surprise that employees who are invested in the experience of their individual customers not only create a better experience, but engender loyal brand advocates.
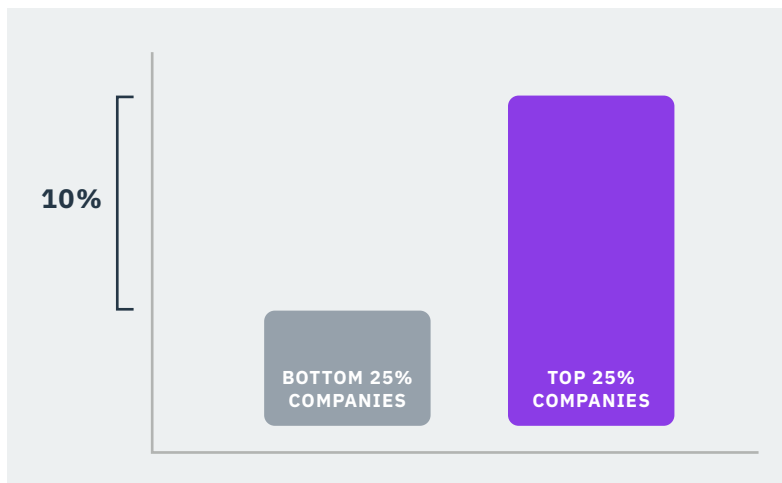
Additionally, companies in the top 25 percent of employee engagement outperformed companies in the bottom 25 percent of employee engagement by 10 percent on customer ratings.[6] Customers take notice when your employees deliver the experience they expect.
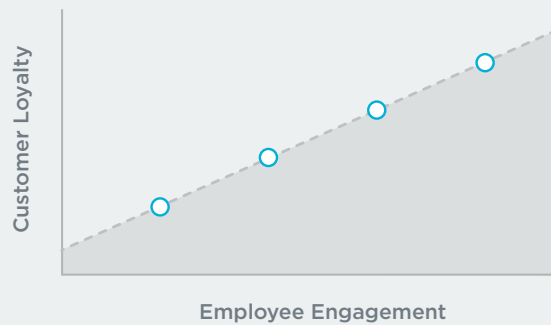
2x

Companies with high employee engagement scores have **2x the customer loyalty** than companies with average employee engagement levels.

Customer Loyalty / Employee Engagement

My functional needs are met

I had a good product/service delivery experience

I like them and will go out of my way to use them

I will recommend them to others

Customers
Employees

Deliver — **Satisfied** — **Loyal** — **Engagement Creates Advocacy**

I come to work and do my job

I like working here, my manager and my team

I care about my job and want to stay here

I love my job and want to contribute to make it a great place to work

10%

BOTTOM 25% COMPANIES

TOP 25% COMPANIES

There's a reason organizations around the globe are racing to create employee engagement programs. When employee engagement is done properly, the benefits are clear. Employees who are invested in their work beget satisfied customers who are ready—and willing—to bring themselves, their family, and their friends back for repeat service.

Top Drivers of Employee Engagement

The following drivers have been compiled based on decades of research and experience by Paul Warner, Ph.D.

JOB IMPORTANCE
Employees' attitudes toward their jobs' importance and the company they work for has the greatest impact on customer service and loyalty.

JOB EXPECTATIONS
Employees need the right tools to succeed. If they don't have the tools or feel empowered, they may become bored or resentful. Instead of being focused on the customer, employees without clear job expectations think about how to do the bare minimum to keep their job rather than how to provide the best experience for the customer.

CAREER ADVANCEMENT OPPORTUNITIES
The opportunity for bonuses and career advancement drives many employees to take a greater interest in their work.

REGULAR FEEDBACK AND DIALOGUE WITH SUPERIORS
Communication with employees is key. Many are driven by an open dialogue with their superiors and recognition for a job well done. In addition to communication with superiors, employees are driven by the relationships they have with their peers and subordinates.

PERCEPTION OF COMPANY CULTURE AND VALUES
Corporate culture and values are the foundation for employee engagement. Without these factors, employees will have a difficult time connecting with customers or caring about the customer experience.

EFFECTIVE INTERNAL EMPLOYEE COMMUNICATIONS
Communication is what makes the world go round. In terms of employee engagement, employees want to know what is happening with the organization that employs them.

Close the Loop with Your Employees

While the benefits of effective employee engagement are well documented, in reality, the consistent, comprehensive practice of it is rare. In many cases, organizations take the step of gathering and analyzing employee feedback. What they fail to do, however, is take action on what they discover. Organizations guilty of this practice not only fail to create engaged employees, but may actually negatively impact both employee and customer morale by setting and then missing expectations.

Most organizations (and 80+ percent of Fortune 500 companies) use employee surveys to understand levels of satisfaction, commitment, and ultimately what drives employee success and happiness. The challenge with traditional surveys is that they are too infrequent to make a difference in employees' day-to-day experience. They're also fraught with response bias (i.e. acquiescence, yay-saying, etc.) and typically measure factors which have only a minimal impact on a company's bottom line.

More importantly, due to the lack of action, employees are increasingly skeptical about the survey process and engagement programs in general.

Similar to your customers, closing the loop with employees is essential in building trust and satisfaction. If you ask for their feedback, you must be prepared to take action—even if that action is communicating that you have decided not to act and why. It may sound counter-intuitive, but simply acknowledging the receipt of feedback will boost employee engagement.

"We are happy to have InMoment as our partner in our quest to understand and take action on engagement levels of our employees. Insights developed by them have been extremely helpful to us in understanding what our employees feel so we can respond to their needs."

Voice of Employee

Now that we've established the value of listening to customers and creating an engaged workforce, we'll address the next variable in the equation: Voice of Employee.

This is the part where you give your employees a voice to affect change. Some employees are on the frontline when it comes to direct customer interactions, both positive and negative, and yet even the best brands often focus solely on customer feedback, commonly neglecting their employees.

The truth is, your employees are already sharing their intel—even if, most of the time, it's not in a VoE-specific format. Instead, employees are sharing feedback about the customer experience in the only place available to them: a standard employee engagement survey. InMoment's independent research shows that 33 percent of nearly 200,000 employee engagement surveys had feedback that related to the customer experience. In addition, the most frequently cited theme was "service," including ways to provide better service or how the team could be more effective in the service they provide.

Your employees clearly have feedback to share, and more importantly, want to share it. So how do you tap into this resource? The secret starts with listening to your employees.

THERE ARE TWO SIDES TO EVERY STORY

As obvious as it may seem, traditional VoC programs collect only one side of the customer experience: the customer's. However, for every customer, there can be many employees responsible for delivering various aspects of the customer experience.

If you don't have all the information needed to understand the bigger picture, you're not able to fully identify and act on the root causes of issues affecting your brand's customer experience—both positive and negative.

Your employees have a very intimate understanding of both your customers' experiences and your business. Integrating them into the creation and evolution of the customer experience leverages their expertise and creates a highly engaged workforce that is more productive, loyal, and effective at helping your business succeed.

SETTING UP YOUR EMPLOYEES UP FOR SUCCESS

The following are a series of questions that will help you gauge where your organization lies when it comes to connecting employees and customer experience:

1. Are your employees aware of your organization's brand promise and the role they each play in creating the optimal customer experience?

2. Are your employees aligned on your organization's CX strategies?

3. Is all customer feedback shared with all staff?

4. Do employees know what to expect in the next steps of CX optimization?

If you answered "yes" to one or more of those questions, your organization is on a good track for creating a successful VoE program. Your employees must be involved in your brand to be invested. Constant communication and transparency is crucial in order for your employees and your brand to succeed.

IMPLEMENTING A VOE PROGRAM

Your organization has financial and experiential priorities that are completely unique. By collecting a constant stream of feedback from both your customers and your employees, your brand positions itself to both answer specific questions and take specific action.

An effective VoE program takes time, resources, and effort to develop. But there are some steps you can take to make the

process easier and to ensure a more successful path to collecting, understanding, and acting on your employee feedback:

1. Choose the right technology

2. Understand listening post options

3. Ask questions that lead to actionable data

Choose the Right Technology

If your organization is willing to fully commit to a VoE program, technology is a great place to start. Frequent employee surveying coupled with advanced analytics technology can provide your brand with priceless data. This data has the potential to not only improve the customer experience, but also to foster a better relationship between the employee and the company.

When looking for a VoE technology and/or partner, consider the following questions:

- Does the solution have omnichannel invitation and engagement capabilities (e.g. phone, email, video, etc.)?

- Can the solution collect employee data on both the relationship (how is your brand delivering CX overall?) and the transactional (how is your brand delivering on touchpoint X?) levels?

- Can the solution analyze unstructured employee comments?

- Does the solution have a data science team to provide in-depth analysis and recommendations?

- Can the solution perform both brand-and-location-level surveying and reporting?

- Can the solution display VoE data alongside VoC and employee engagement data?

- Can VoE capabilities be integrated into other VoC processes (e.g. case management)?

Understanding Listening Post Options

Unlike traditional employee engagement, VoE programs offer a variety of ways to listen to and collect data from your employees. Understanding these options and choosing the right combination can be a powerful factor in determining the success of your program.

1. **STANDING SURVEYS:** A standing survey can be tied to your brand's intranet or other internal websites. This channel is enabled 24/7 and always available for employees to leave their feedback via an open-ended comment.

2. **PULSE SURVEYS:** Pulse surveys are conducted via email or phone on a quarterly basis. They are more targeted than a standing survey and combine structured and unstructured questions.

3. **AD-HOC SURVEYS:** Ad-hoc surveys are sent when a brand wants employee feedback on a particular area or problem.

An example would be understanding how customers are viewing a new product through the eyes of employees.

4. **GUEST EXPERIENCE COMMITTEE:** A guest experience committee is comprised of self-selected team members dedicated to improving the customer experience. They are often experts in their department or field. Surveys are sent at a regular cadence and are combined with in-person meetings.

5. **CLOSED-LOOP INTEGRATION:** A good closed-loop process includes integrated Voice of Employee capabilities. When a case is being closed, employees can be asked to leave their feedback about root cause, patterns, and trends between cases and recommended solutions.

Ask Questions That Lead to Actionable Data

Once you've selected a technology provider, the second step in the process is ensuring you are asking your employees the right questions so you get actionable data in return.

These questions generally fall into the four categories shown in the graphic below: CX culture, job resources and demands, product, and customer.

Our internal research has shown that these categories are where employee feedback provides the most actionable responses.

- For example, in the "Team Support" category, you might ask a question like: "On a scale of 1 to 5, how well does your team collaborate to meet customer needs?" This would then be followed by an open-ended response.

- Or, in the "Workload" category, you might ask: "Does your workload give you adequate time to attend to customer needs?"

This type of specific question gives your employees an area of the business to focus on and, in turn, provide a solution.

CX Culture

Management Support

Employee Empowerment

Team Support

Customer-First Culture

Job Resources/Demands

Tools, Equipment, Technology, Information

Staffing

Training

Processes

Workload

Product

Product Quality

Product Availability

Customer

Customer Demands

A Powerful Solution

Customers now have more ways to research products, purchasing options, and platforms to share their experiences with the rest of the world. By all accounts, customers are in the driver's seat.

No one knows your customers—who they are, what they want, and what they expect—like your employees. Your employees are the face of your organization and are responsible for delivering on your delivering on your brand promise and creating positive experiences. You trust them to interact with your customers, and you should trust them—and empower them— to create the best experience possible.

By combining the intel gathered through customer feedback with the power of employee engagement and the root cause analysis inherent in Voice of Employee, your brand finally has the variables in place to solve for a successful and impactful customer experience.

Listen to your employees, act on their feedback, and reward them for being accountable and proactive. In return, they'll help you find a powerful solution to the CX equation.

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NORTH AMERICA
+1 385 695 2800

UK & IRELAND
+44 (0) 1494 590 600

APAC
+61 (2) 8397 8131

GERMANY
+49 (0) 40 369 833 0

Or email us at sales@inmoment.com

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