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Considering Employee Incentives for CX Success?

Five Ideas for Better Engagement That Won't Backfire

To bonus or not to bonus... that is the question! Most companies—85 percent of them according to a recent Forrester report—choose the former, tying great CX to equally great compensation. But just because everybody’s doing it doesn’t make it right, or effective. In fact, according to that same report, tying customer experience performance to financial rewards actually leads to “perverse employee behaviors.”

For 15 years, InMoment has observed the havoc wrought by incentives upon cultures, customers, employees, and businesses. They produce both bad behaviors and bad experiences that damage relationships—and limit the business impact of CX investments.



Why Employee Incentives Backfire

They Create Bad Behaviors.

- **Fraud:** Managers and employees waste time finding ways to game the system, from stuffing the ballot box with friend- and family-filled surveys, to extreme cases of creating fake customers to complete favorable reviews.
- **Score- vs. Customer-Centric:** Businessman-investor Charlie Munger said, “Show me the incentive and I’ll show you the outcome.” When you pay employees to achieve a score, they’ll give you a higher score, but not necessarily a better experience for customers.

- **Bad Data Habits:** Desperate to make the grade, employees often question the veracity of the data itself. Instead of spending time making better experiences, they interrogate the CX team, questioning everything from sample sizes to text analytics accuracy. This can derail an entire customer insights program.
- **Wrong Thing; Wrong Reason:** Even when it's crystal clear that a survey doesn't at all reflect the current business or customer base, when the metric tied to that survey is also tied to compensation, making the right choice can be difficult or impossible.



"Dozens of recent experiments show that rewarding self-interest with economic incentives can backfire when they undermine “the moral sentiments.” When we take a job or buy a car, we are not only trying to get stuff—we are also trying to be a certain kind of person. People desire to be esteemed by others and to be seen as ethical and dignified. And they don’t want to be taken for suckers."

Samuel Bowles, Harvard Business Review

They Create Bad Experiences.

- **Pestering Customers:** If you’ve shopped for a car recently, you’ll know instantly that most auto manufacturers and dealers are obsessed with getting a perfect score. And there’s nothing that mars an experience more than capping it off with a poorly conceived guilt trip executed by the sales rep.
- **Meaningless Work:** While humans may get an initial buzz from the pay-to-play incentive model, the feeling quickly wears off. What today’s employees—especially younger demographics—really value is making a difference. Paying them to do the right thing cheapens their experience and robs them of the good feelings that come from being genuine and helpful.
- **Performance (Only For) Pay:** Focusing on incentives instead of customers creates an extremely unhealthy culture, where employees seek increasingly larger and more frequent rewards for simply doing their jobs.



Bottom Line: Employee Incentives Don't Work

At best they give a company a short-term bump, but they always lead to longer-term losses. Incentives that are used to prove a company's commitment to customers are actually sad and faulty substitutions for doing the real, albeit harder work of consistently and comprehensively making decisions that actually demonstrate a genuine customer focus.

So What Does Work?

- 1. Close Accountability:** The only people who should even look at a brand-level NPS score are the C-suite and board. Virtually no other employee in the company can credibly be held accountable for impacting how customers answer the question: Would you recommend X to your family and friends? If you do incent with metrics, use those that employees can directly understand and impact.
- 2. Celebrating the Customer:** Most brands still rarely, if ever, allow employees behind the curtain of metrics to see, hear, and feel what customers actually say about their experiences. Socializing voice of the customer verbatims changes hearts, minds, and priorities faster than about any other methodology.
- 3. Positive Recognition:** Brands are masters of using customer data as sticks, but rarely utilize them as ways to recognize and reward. Hearing a real customer talk about the impact a single employee had on their experience is one of the most effective ways of motivating and inspiring.

4. **Opportunity Coaching:** When things go wrong, withholding the purse is a one-way threat with limited impact. Using customer comments to help employees understand why their actions had negative repercussions and exactly how they can repair the breach takes judgement out of the hands of managers, and resonates deeply with employees.
5. **Actions vs. Scores:** Companies that have attained high levels of maturity and customer-centricity can see positive outcomes by applying financial incentives to actions taken based on customer feedback. This subtle shift rewards doing the right thing instead of chasing a number—a fundamentally different proposition.

Interested in driving more employee engagement in your organization? Head to the InMoment Resource Center to discover white papers, eBooks, webinars and more!

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About InMoment

InMoment™ is the leader in Experience Intelligence (XI), transforming metrics into meaning to drive high-value business decisions and relationships with both customers and employees. The company's cloud-native XI Platform is engineered with data science at the core, and specifically architected to harness intelligence from across the entire experience ecosystem to deliver clear business value. The platform features three clouds that all work seamlessly together to give companies a comprehensive understanding of the most important factors impacting their bottom lines, including: Customer Experience (CX) Cloud, Employee Experience (EX) Cloud, and Market Experience (MX) Cloud. InMoment's approach of providing strategic technical, best practice and thought leadership support ensures that our nearly 500 brands across 95 countries realize maximum business impact.

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