

## TREATING EMPLOYEES AS CUSTOMERS

Metrics and tools to make employees successful and prevent workload and frustration

By John Goodman

Many consulting and training organizations point directly to employee attitudes and behaviors as the cause of more than two thirds of customer attrition. But instead of using this knowledge to examine the entire organization and then acting to improve employee responses, most companies focus strictly on the individual customer service representative (CSR) for performance assessment.

CCMC's experience is that almost all employees want to do well, but the processes and policies they work under, coupled with insufficient managerial support, are the real causes of customer dissatisfaction and disloyalty. Barriers to giving good service frustrate employees...and then employees take direct blame from customers...*this* is what makes employees unhappy. CCMC's research shows that trying to "fix" the CSR performance, while neglecting larger issues, cannot increase the proportion of happy and loyal customers.

Unhappy employees provide poor service, convey negative attitudes about their employer, and fail to go the extra mile for customer. Further, these employees often leave—fast. But adjusting policies and supporting employees actually produces a win-win-win: The customer gets great service, the employee has fewer hassles, and the company has more satisfied, productive employees as well as more loyal customers.

### The Internal Customer

CCMC has developed a methodology for assisting contact center, retail, human resources, and customer satisfaction managers in identifying the issues that put the loyalty and motivation of the most employees at risk. This methodology can justify investments in employee training and support. The employee service delivery survey basically asks employees, "What are your frustrations in giving good service?" It covers all employee interactions concerning clearly defined job responsibilities and goals; incentives to give great service; employees' access to the tools, information and authority needed to perform their jobs; and availability of clear, truthful and timely answers to questions and concerns.

Secondly, CCMC's research shows that, just as with customers, failure to respond to employee concerns does more damage than not soliciting them at all.<sup>1</sup> If you are not going to make things better, don't ask what is wrong.

CCMC has found a strong relationship between employees' ability to do their job efficiently and their motivation, their productivity, and the experiences of external customers. The strongest linkage is found between employees' lack of tools, training, internal support, and authority to do their jobs and customers' frustration with employee response to customer problems and requests for assistance.

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<sup>1</sup> As in maximizing customer satisfaction, the ability to provide quantifiable measurement of employee problems and concerns, understand the root causes, and develop improvements must be a closed loop feedback process to assure that the company can do the job right.

## Causes of workload and dissatisfaction and the impact on employee satisfaction

While almost all employees want to do well, but the processes and policies they work under, coupled with insufficient managerial support, are the real causes of customer dissatisfaction and disloyalty.

Barriers to giving good service frustrate employees...and then employees take direct blame from customers...*this* is what makes employees unhappy. Further, half of all voluntary turnover of good employees is due to employees saying, "I'm not getting paid enough to take all this stuff!" The stuff includes constrained empowerment, poor tools or pressure to get off the phone without fully handling or explaining the issue and without educating or connecting with at least some of the customers.

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## Metrics to enhance success and prevention

The following are nine metrics you should consider using to move from firefighting to a preventive/value add mode of service. The additional payoff is that you'll have dramatically happier, more successful employees as well. The first three will be familiar; the last six will often be completely new.

1. Showed empathy – did the employee use voice tone to sound genuinely concerned?
2. Effective listening – did the employee use active listening and reflect back and confirm key facts?
3. Applied necessary knowledge and used Knowledge Base effectively – did the employee accurately respond to the problem, providing detail from the Knowledge Base as needed?
4. Clarity of explanation for policies and decisions – did the employee provide a clear explanation
5. Used empowerment – did the employee fully use available empowerment and flexibility to satisfy the customer
6. Appropriate preventive education – When appropriate, educate the customer on how to avoid future problems – in many cases this education is actually a delighter besides preventing future workload.
7. Appropriate emotional connection – did the employee attempt to create an emotional connection
8. Was this call preventable? The CSR checks a yes/no box as to whether the call was preventable.
9. If the customer took a survey, how would they rate the call? - This answer, using the same survey questions, can be compared to actual surveys, if there is a difference, then there is a calibration problem.

## The Conventional Approach to Measuring Employee Satisfaction

Traditional methodologies for measuring employee satisfaction provide companies with an abundance of data, but rarely supply **actionable** information that can guide change. Most employee surveys are blunt instruments that measure what percentages of employees agree/disagree or what percentage is satisfied/dissatisfied with a particular statement about their environment. These statements are used to develop percentiles and norms that compare the employee base to the industry overall and often mask the importance of the problem. Thus, they deliver results that are not useful and do not identify the issues that most affect motivation and block the path to great service.

Additional problems with traditional employee surveys are that they: (1) do not pinpoint specific problems that can be tracked and counted; (2) cannot tie issues to the bottom line; (3) do not lead to measurable improvements; (4) are blame versus process orientated; (5) use broad, uncontrollable or threatening issues; and (6) are ignored by management because they may open Pandora's box. As a result, contact center, human resources, and customer satisfaction managers are presented with a lot of broad information but no definitive guidance on what to change for the biggest payoff.

Motivation and loyalty differ from employee satisfaction just as customer loyalty differs from customer satisfaction. I may not be satisfied with the food in the cafeteria but it does not significantly affect my motivation or loyalty to the company -- I simply go out to lunch or bring my lunch. The key is which of the issues is critically important to my loyalty and motivation. CCMC has found that issues that impede the ability of employees to do their jobs and service their customers have the greatest impact on motivation and loyalty.

## CCMC's Approach to Actionable Employee Satisfaction Surveys

The key to actionable data is identifying specific problems. These problems can then be counted (e.g., how many employees encounter them?). The severity of the problem can also be measured (e.g., what is the problem's impact on loyalty and motivation?). Third, the frequency and time spent give an idea of the internal cost of the problem. Finally, the rate of articulation of the problem (how often employees complain about a problem) can be matched with the company's effectiveness in responding. Given the frequency of the problem and the responsiveness, if the bottom line impact of employee turnover is known, you can start to estimate the bottom-line implications.

Other items to note:

- An actionable methodology should quantify the overall bottom-line (i.e., profits, word of mouth) impact of employee dissatisfaction. Companies can then focus on the important relationship between dissatisfaction and demotivation.
- CCMC's methodology identifies specific "points of pain" as it relates to both elements in the employee motivation and productivity formula; that is, *doing the job right the first time* and the *effectiveness of the employee management system* to respond to complaints about problems.
- This approach differentiates the value employees place on various barriers to good service, ranking the *relative impact on motivation* of those attributes. The rank ordering of specific areas of performance according to impact on employee motivation and productivity supports a management-by-exception strategy where limited resources for "fixing" and improving can be targeted to those areas with the most impact on the bottom-line.

## Factors Needed to Quantify the HR and Bottom Line Impact of Poor Internal Service

The content of the employee questionnaire would be designed to include the following areas such as:

- **Problem Experience**
- **Problem Impact**
- **Departments causing problems and giving great internal support**
- **Motivation, Satisfaction and Loyalty**

The survey should be a written instrument sent to employees' homes and processed by an outside vendor to safeguard confidentiality. In some "safe" environments, CCMC has also used internal email surveys with great success. CCMC usually experiences a 40-65% response rate among contact center or front-line employees.

This type of survey usually reveals that a majority of contact center and front-line employees have substantial frustrations providing service to their customers due to policy, process, or training and authority issues. Further, the majority of employees do not complain about them to either their manager or the relevant in-house department. Most identify informal workarounds that cost time and money and often leave the customer less than thrilled.

### Problems and Frustrated Employees

When employees do complain and ask for assistance, only half get an acceptable answer, and only one fifth are fully satisfied. A key message is that employee complaints that are not handled acceptably cause much more damage than unarticulated complaints. Managers must be trained that when their staff asks for help, a genuine effort should be made to help the employee satisfy that customer. This will also improve the process for others. When this does not happen, employees become more cynical and simply stop asking for help. They then start blaming the poor service on the company. Sometimes even telling customers, "They won't let me do anything for you."

The impact of unresolved problems in the average contact center is that about half of the employees with problems would not recommend the company and a quarter are not motivated. At a macro level, the human resources department should start estimating the bottom-line impact of the current situation. However, to make this set of findings actionable, you must identify which problems have the greatest impact.

The answer to this question is derived as shown in the chart on the next page, based on insurance data.

**Exhibit: Employees at Risk: – Top Individual Problems Based on Employee Motivation**

<u>Question/Problem Experience (78%)</u>	<u>Frequency (% of staff encountering problem)†</u>	<u>Not Likely To recommend as good place to work*</u>	<u>Percent of employees at risk due to problem</u>
1. Hit voicemail when trying to call branches for assistance	27	X%	1.3
2. Lack of clear rationales for credit decisions	21	2X%	1.8
3. Investigations and Adjustments fails to provide answers in a timely fashion	18	3.5X%	3.4
4. Clear rationales for fees/ charges	10	1.5X%	1.6
5. Systems are often down	4	X%	0.2
6. Lack of reasonable authority to resolve minor problems	4	2X%	0,4
Total employees at risk from major problems	34		8.7%

This chart shows that the Investigations department’s failure to provide answers, though only third in prevalence, causes much more damage to morale than voicemail or defending credit decisions or systems that go down. If there were 1,000 front line employees in the company with an average salary of \$40,000, one could estimate that this one issue would over a quarter-million dollars over the next year in turnover. The six issues listed are causing potential turnover of almost 9% per year – creating a strong economic imperative for HR and operations to act.

If one added the damage these issues contribute to external customer loyalty (taking into account the frequency with which employees encounter the issue and the average damage to customer loyalty per incident), the bottom line impact can be several million dollars. This revenue impact underscores the power of the employee barriers-to-service model, showing clearly why top management should finally deal with broken process or policy issues that may have been an issue for years. An additional positive incentive is that these barriers-to-service issues can often be dealt with more easily than broader institutional issues of incentives or benefits. Three process changes are cheaper than benefit changes.

**Summary**

Human resources, customer service and satisfaction managers are faced with a tight employment market and limited resources for recruiting, screening and training employees. It is becoming more and more important to retain the motivated employees that are already on board. The above methodology has been useful in several companies in two areas: (1) in setting priorities for allocating the scarce resources to where they will do the most good and (2) in cost justifying investment in training and tools to enhance the ability of employees to do their jobs. Improving the satisfaction of employees will transfer directly to the bottom line because of improved customer satisfaction and loyalty.

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