



Prioritizing Efficient Organizational Improvement: Managing Customer and Employee Engagement as One

Abstract:

The argument is often made that by improving employee engagement, customer engagement will follow. This isn't always the case. In an ideal world, to realize rapid and substantive organizational improvement, a company would focus the improvement of both employee engagement and the solidification and growth of customer engagement (through marketing and brand building).

James Simone
President
Caffeine Performance Management

Engagement vs Satisfaction – What's the Difference?

Engagement is frequently identified as a leading indicator of ROI. It's the measure of a customer or employee's involvement and commitment to the company or brand, while satisfaction is the measurement of recalled service delivery against a prescribed set of drivers.

The differences are subtle, but important:

- Engaged customers are more likely to be involved in the company: more loyal, committed, likely to excuse error, likely to return, likely to refer, and likely to spend more.
- Disengaged customers on the other hand, while possibly satisfied, are brand-ambivalent, or worse active campaigners against your service.
- Engaged employees are more likely to be involved in the company: more loyal, and likely to stay longer.
- Disengaged employees may very well be satisfied with elements of their work, but fail to contribute the discretionary effort required to deliver outstanding service.
- Disengaged employees can impact the engagement level of customers, and vice versa.

While traditional satisfaction surveys are helpful tools to isolate and improve performance, there is not necessarily a correlation between engagement and satisfaction. Not measuring customer or employee engagement can lead managers down the path of false positives – assuming that all is well with the business, yet market share and other key indicators could be about to take a tumble.

We advocate an annual survey of the engagement of clients and staff, along with satisfaction/incident tracking surveys, as management deems necessary to facilitate performance improvement.

The purpose of this whitepaper is to outline a process by which managers can maximize organizational performance improvement planning, by bringing together the engagement statistics of both the customer and employee engagement surveys, to define a process that is most efficient for the organization.

Customer Engagement

Caffeine Performance Management provides a customer engagement survey that involves eliciting responses from a representative sampling of the business's customers. Depending on the nature of the business and the engagement, the survey is administered by email, mail, telephone, or tablet via in-person interviews.

Point values are assigned to the customized questions that reflect the business' position against each of the dimensions of engagement:

Domain	Because:
Passion	...an engaged customer will communicate a sense of passion toward the business, its product/service, or its people. This passion may be positive or negative.
Knowledge	...an engaged customer will have more than a cursory product knowledge. We spend a great deal of time customizing the survey to assure that significant customer touch points are sampled.
Respect	...an engaged customer will have been treated with respect, but will also have respect for the staff of the client.
Confidence	...an engaged customer will have confidence that the product, service, attentiveness, responsiveness and so on will remain superior. A failing in any of these will reflect in this ranking.
Valence	...a customer can't be engaged if they don't value the offering of the company, or are just an accident, grudging, occasional user.
Effort	...an engaged customer will have expended more than a usual amount of energy to do business with the company, and will have done so with pleasure.
Satisfaction	...a basic measurement of satisfaction on a Likert scale, used to cross reference and validate other dimensions.
Likelihood to Recommend	...an engaged customer is willing to invest herself in the business by recommending it to others.

Employee Engagement

Caffeine's employee engagement survey process involves eliciting responses from a representative sampling of the employees of the business. Typically, we endeavor to get a very large sample size which includes plants, offices, regions, as well as feedback from senior leaders, managers and supervisors, as well as contact level employees. The data obtained can be very helpful in management development, improvement of safety programs, development of reward and recognition programs, and so on.

Depending on the nature of the business and the engagement, the survey is administered by email, mail, telephone, or tablet via in-person interviews.

Point values are assigned to the customized questions that reflect the business' position against each of the dimensions of engagement:

Domain	Because:
Overall Feelings Toward Job	...numerous concerns related to employment with the firm are surfaced in this domain.
Work Climate	...it gives a sense of the level of collegiality and worker-to-worker supportiveness, and influence.
Communication/Org Awareness	...it provides a measure of the ability of both contact management/supervisors, senior management to deliver messages as promised.
Personal/Prof Development	...provides a sense of vitality and highlights the number and aptitude of individuals, and likelihood to remain in position for determined durations.

Key answers that can be provided by an Employee Engagement Survey include:

- Are we likely to achieve our performance improvement targets?
- If we were to improve our customer service, would our employees support us?
- Are we providing the recognition that our employees want?
- In which aspects of our operation can we be better managers?
- Are we at risk of losing key-contributors?
- Which actions would have the greatest impact on our bottom line, while increasing Engagement?

While the data and action planning is comprehensive, the issues very often involve the delivery of intrinsic rewards via improved communication by management.



Scan for information on
Intrinsic Rewards

Prioritizing Efficient Organizational Improvement: Considering Customer and Employee Engagement as One

The argument is often made that by improving employee engagement, customer engagement will follow. This isn't always the case. In an ideal world, to realize rapid and substantive organizational improvement, a company would focus the improvement of both employee engagement and the solidification and growth of customer engagement (through marketing and brand building).

In their 2005 study published in the Journal of Applied Psychology, Salonova, Agut, and Peiro identified that while indeed this link exists, the correlation coefficient is indirect, and affected by elements such as client/staff familiarity with each other.



Scan for the Salonova, Agut,
and Peiro Report

There is also the question of lag-time. While the employee-engagement piece is being fully absorbed into the organization.

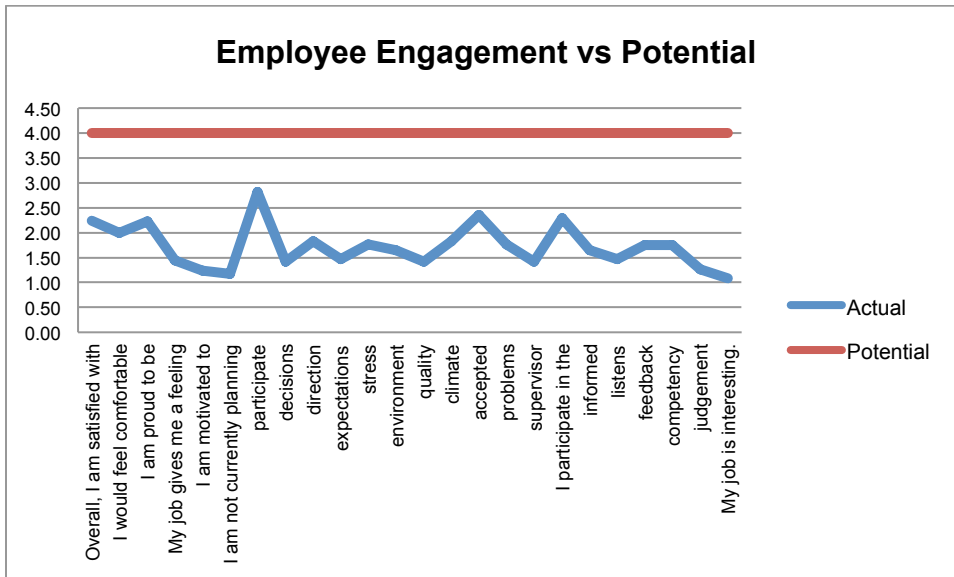
A Question of Priorities

So what should we work on first?

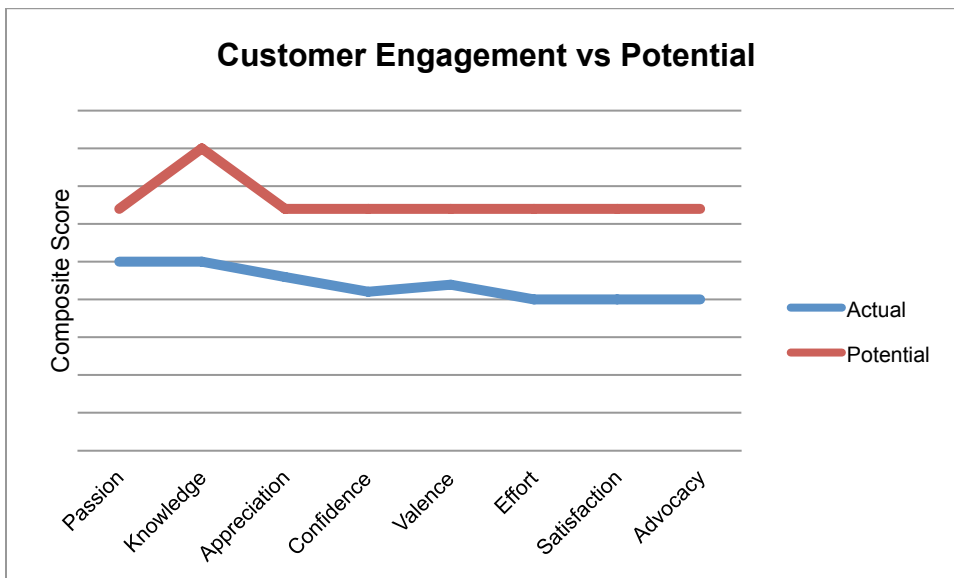
- Improve employee engagement (because it will have some impact on customer engagement), or focus just on improving customer engagement?
- If you focus on employee engagement – which element do you focus on improving first?
- If you focus on customer engagement – how do you prioritize the plan?

The Performance Planning Process

We start by plotting the firm's Employee Engagement scores, by dimension, against the potential score, to get a sense of where the opportunities lie. A typical client-graph might look like this:

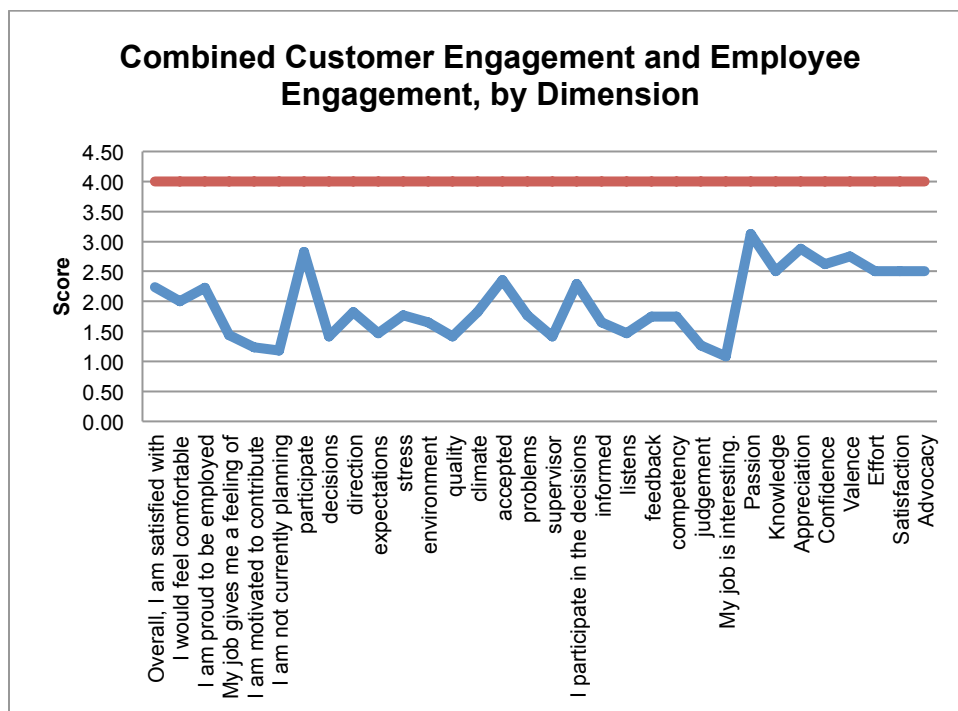


Doing the same for a sample of Customers, we get data that will look something like this:



The challenge for managers now is how to prioritize and address the Actual-Potential Gap in both Employee and Customer Engagement.

Equalizing and combining the scales, we get data that presents managers with a complete picture of the performance improvement opportunities for their business:



The next step is the detailed analysis of the data, and scenario planning to determine the biggest 'bang for the buck' for the business:

- ie: is time and money best spent improving Employee Engagement or Customer Engagement, or some balance of the two?
- Which are the highest-yield domains for the business to improve?
- Are they linked?
- What is the cost of not acting?
- How quickly can improvement be affected?
- Caffeine Performance's analytical team provides cost, sensitivity analyses and ROI estimates of all options, and provides graphical overviews customized to the business to assist managers in setting priorities

**For more information about accelerating the improvement of
your organization's performance, please contact:**

James Simone

President
Caffeine Performance Management
1800.401.3712 | 403.796.5172

www.caffeineperformance.com | jsimone@caffeineperformance.com

