

Linking Employee Satisfaction, Employee Engagement, and Employee Ambassadorship

Session 1: **Ambassadorship** **Concept/Framework** **Introduction and Rationale**

Driving A Successful Customer-Centric Culture Through Employee Commitment to the Company, the Value Proposition, and the Customer

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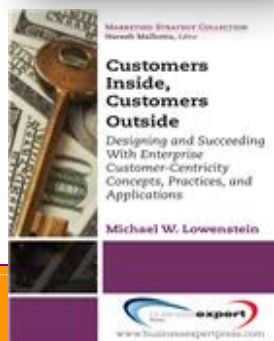
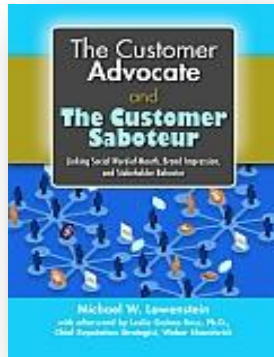
Session 1 Outline

- Concept Base: Building Stakeholder Rational and Emotional Bonds
- Stakeholder Group Linkage
- Understanding Perceptual Differences Between Employees and Customers
- Employee Behavior Inside and Outside of Enterprise, and Linkage to Business Results
- Review and Discussion of Engagement
- Components of Engagement
- Components of Ambassadorship

About the Facilitator



- Thought Leadership Principal/*Beyond Philosophy*
- Formerly EVP, Stakeholder Research, Market Probe; SVP, Stakeholder Consulting, Harris Interactive and GfK
- Over 35 years management and consulting experience; passionate about stakeholder behavior measurement
- M.B.A. in marketing, organizational management
- B.S. degree in economics and marketing
- Ph.D. in strategy, program development, and program management
- Author of 200+ articles and white papers, and several customer-centric marketing books, including –
 - **Customer Retention (1995); The Customer Loyalty Pyramid (1997); Customer WinBack (2001), One Customer, Divisible (2005), and...**
 - **The Customer Advocate and the Customer Saboteur: Linking Social Word-of-Mouth, Brand Impression, and Stakeholder Behavior (2011)**
 - **Customers Inside, Customers Outside: Designing, and Succeeding With, Enterprise Customer-Centricity (2014)**



Defining Rational and Emotional Bonds For Customers

RATIONAL

Based on Satisfaction

- Relationship based on meeting functional expectations
- Reinforced by ongoing performance quality
- Value for the money

RATIONAL CONNECTION



EMOTIONAL

Based on Trust

- Sense of personal relationship with brand or company
- Reinforced by service experiences
- Supported by customer touch points

EMOTIONAL



Defining Rational and Emotional Bonds For Employees

RATIONAL

Based on Satisfaction

- Salary and benefits (including training)
- Safety and environment
- Opportunities for advancement and growth

RATIONAL CONNECTION



EMOTIONAL

Based on Trust and Commitment

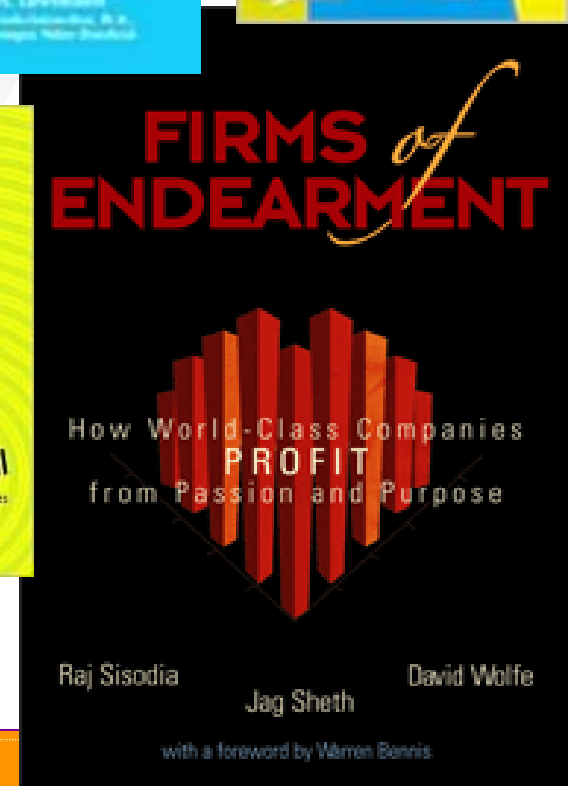
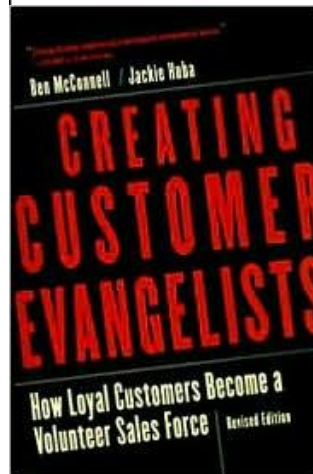
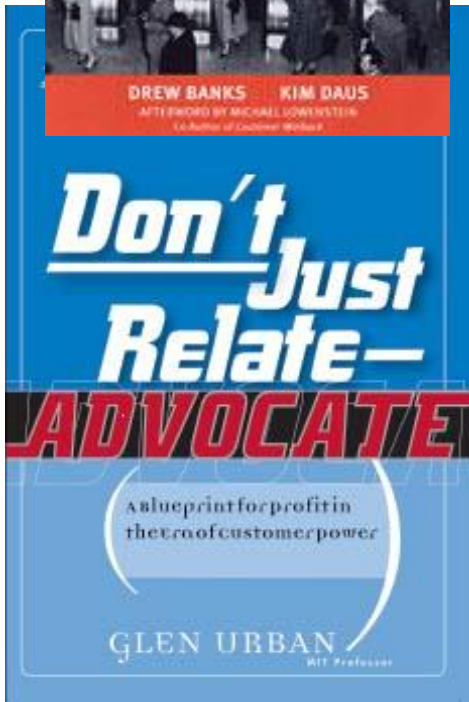
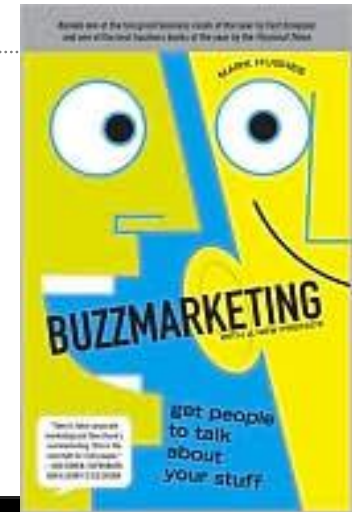
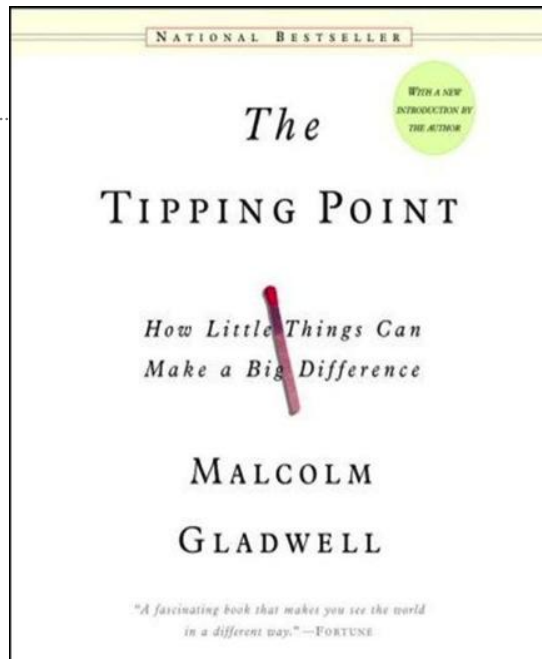
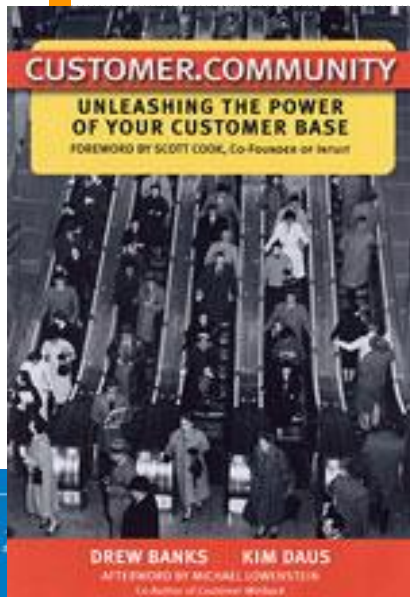
- Sense of personal relationship with company
- Participation and contribution, belief in direction
- Alignment with culture and values
- Opportunities for advancement and growth
- Recognition and reward
- Accomplishment

EMOTIONAL



Linkage of Stakeholder Groups

- **Customers** who actively (vocal, level of favorability, reduced consideration set, etc.) express their personal commitment to a supplier can be strongly positive (advocates), neutral, or negative (saboteurs).
- **Employees**, similarly, can significantly impact customer loyalty behavior toward their employer through a range of attitudes and behaviors on behalf of the brand, company and customer. These attitudes and behaviors, like customers, can range from highly positive, to indifferent, to highly negative.



The Role of People... Why They Can Be So Critically Important

68%

...of **customers LEAVE**
because of poor
employee attitude

*Source: Parkington and Buxton, Study
of the US Banking Sector, Journal of
Applied Psychology*

41%

...of **customers are LOYAL**
because of a good
employee attitude

*Source: MCA Brand Ambassador
Benchmark*

70%

...of customer
brand perception
is determined by
experiences with PEOPLE

Source: Ken Irons, Market Leader

**UK retailer:
1% increase in employee commitment =
9% increase in monthly sales**

Enterprise IG

Why Do Customers Stop Doing Business With a Firm? Why Do Companies Lose Customers?

The Technical Assistance Research Program (TARP) studies show:

- Customers who complain to an organization and have their complaints satisfactorily resolved, tell an average of **5** other people about the good treatment they received, and **20** people if they receive poor treatment.
- Of the customers who register a complaint, between **54%** and **70%** will do business with the organization again if their complaints are resolved. This figure goes up to **95%** if the customers feel the complaints are resolved professionally, quickly and proactively, depending upon both systems and positive employee attitudes and behaviors.



Further Proof Points of Employee Attitude/Action Linkage to Customer Behavior

- **Northwestern University:** Study in hotel chain showed that, for ‘The extent to which employees try to satisfy customers’, a 10% increase in this factor resulted in a 22% increase in customer spending per hotel visit.
- **Sears:** Study in 800 stores showed that a 5 percent documented improvement in employee attitudes toward their jobs and commitment to the company directly resulted in a 1.3% increase in customer perceptions toward the retailer and, in turn, a .5% increase year-over-year revenue.
- **Royal Bank of Canada:** Studies have shown that level of employee commitment accounts for 60% to 80% of customer satisfaction; and 40% of the difference in how customers view RBC’s services can be linked directly to their relationship with bank staff.



Customer-Employee Perceptual Gap Profiling

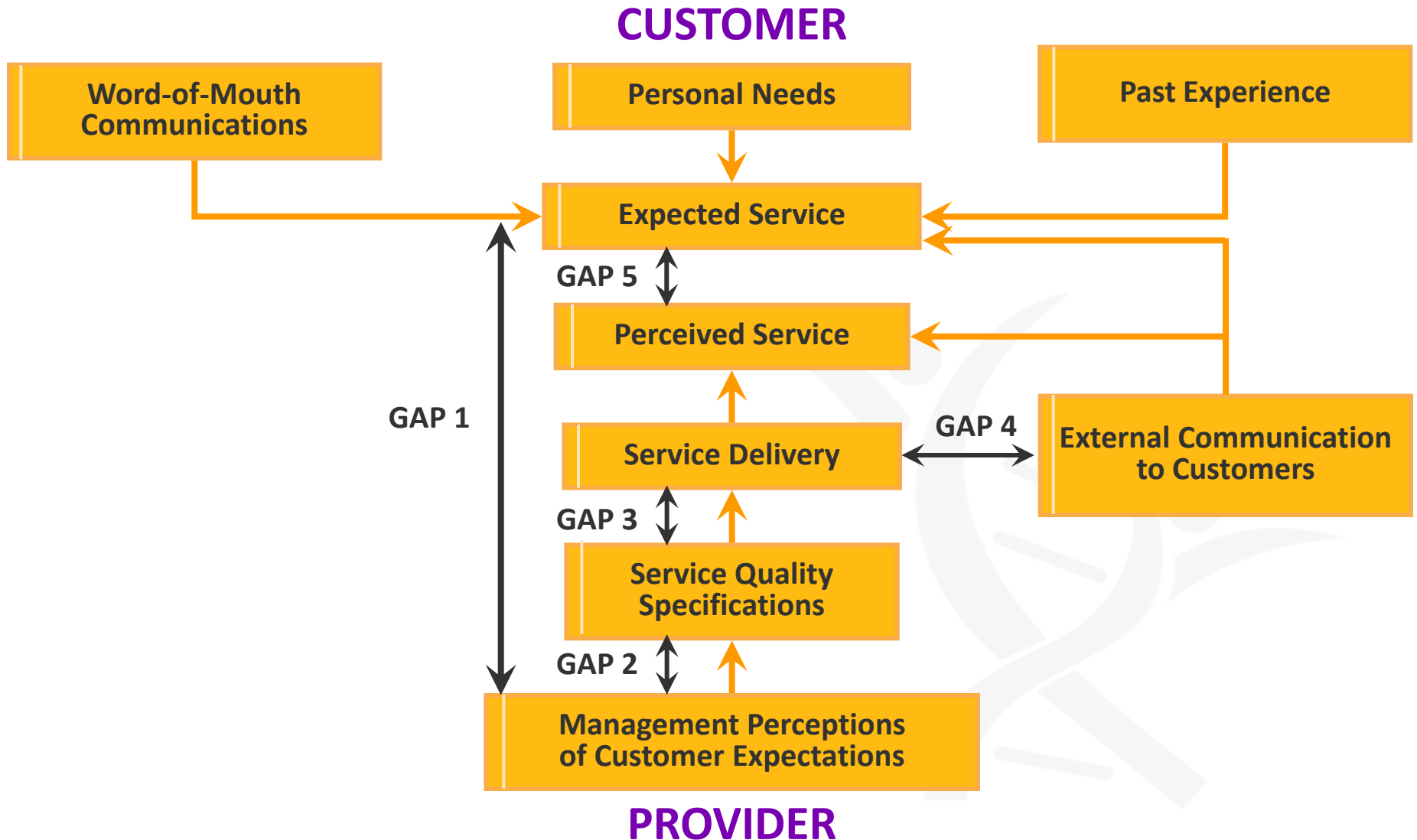
A Customer-Centricity Two-Sided 'Mirror'



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Conceptual Model of Service Quality

(Berry/Parasuraman/Zeithaml SERVQUAL Model; Updated in 2000)



Employee 'Mirror' Research: Customer-Supplier Perceptual Gap Profiling

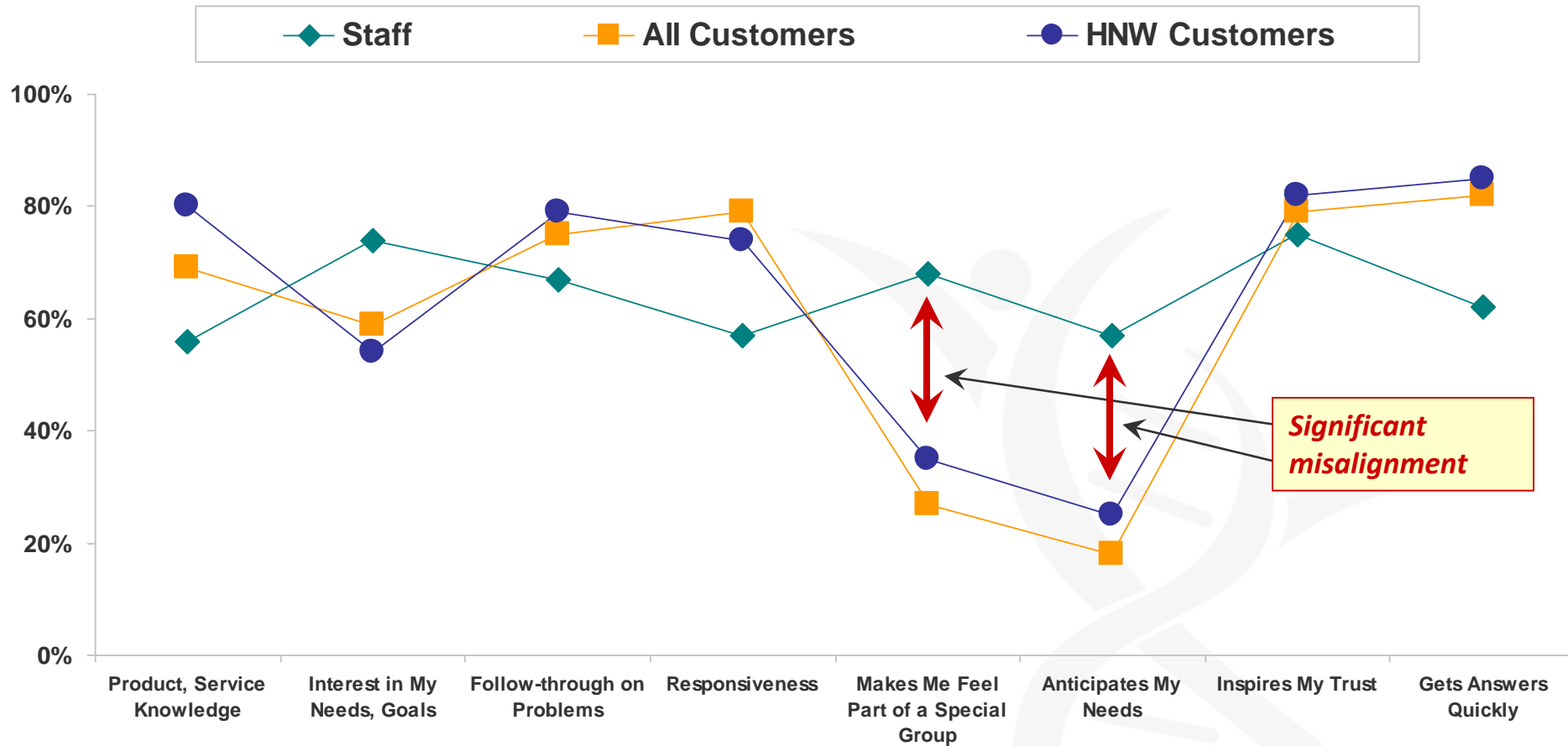
- Valuable staff debriefing device
- Counterpoint for customer research findings; adds significant, unique insight
- Alignment determination is foundation for training and process improvement
- Can be utilized for employee incentive and motivation programs
- Effective for staff communication continuity

Perceptual Gap Profile

Purchasing Agents vs. Sales Mgmt vs. Marketing Mgmt

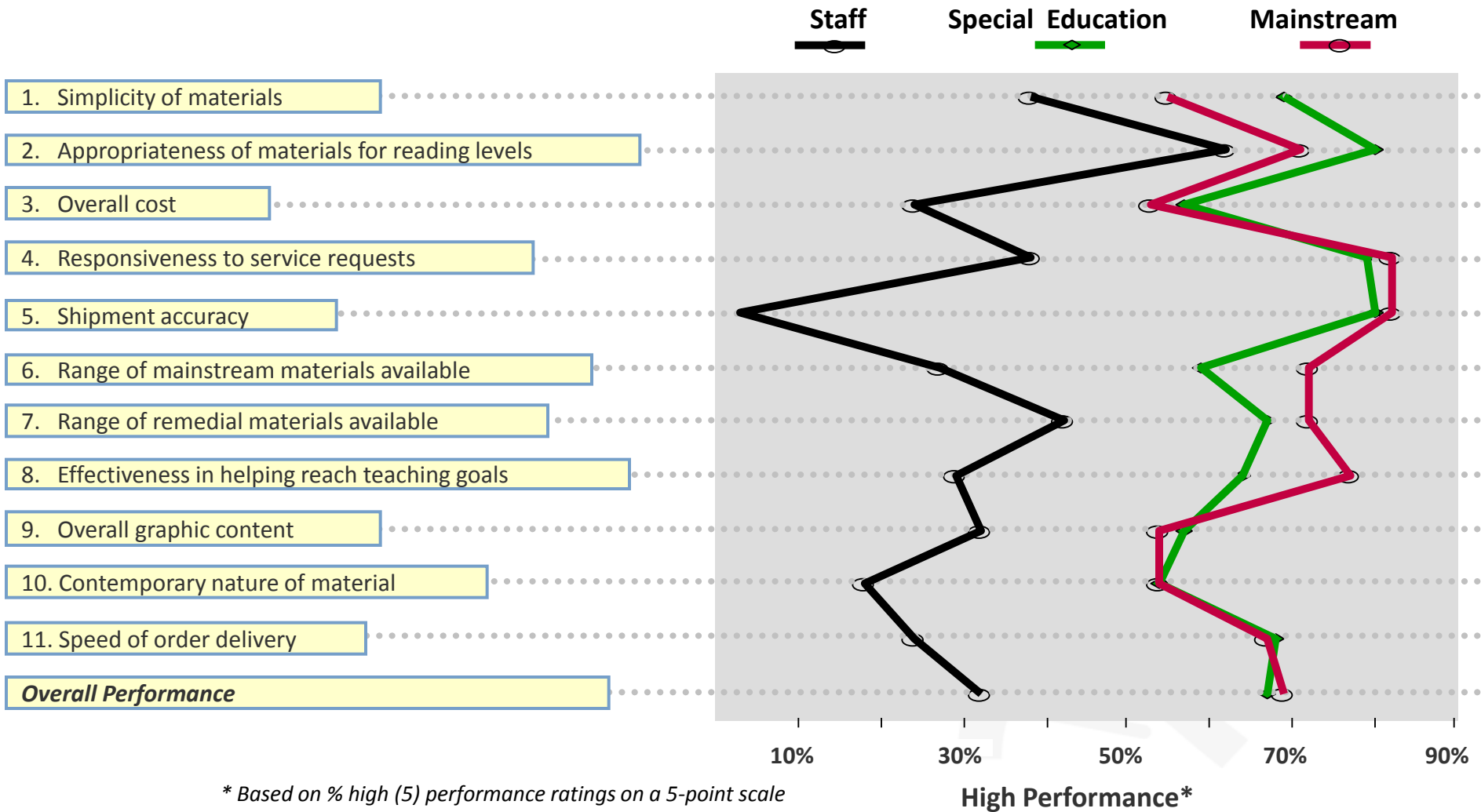


Measuring Customer and Staff Alignment



* Based on % 6/7 performance ratings on a 7-point scale

Perceived Performance Gap Profile Staff vs Special Education vs Mainstream Subject Areas



* Based on % high (5) performance ratings on a 5-point scale

High Performance*

Mirroring (Overall) – Satisfaction with Performance Areas

The importance employees think customers attach to the specified attribute/area.

Employee Rank Ordering of Importance (#1)

1

Service quality/Network reliability

38% * 67%

5

Service management or problem resolution

20% 42%

2

Pricing

28% 33% 40%

7

Technical support staff

36% 53% 49%

4

Service activation or installation

14% 47% 36%

6

Sales or account management

35% 50% 39%

8

Ordering/Booking

16% 40% 35%

9

Billing or invoicing

19% 38% 35%

3

Overall reputation

30% 53% 44%

Top 2 Box score from employees overall.

Chart displays Top 2 Box Scores (ratings of "6" or "7")

Top 2 Box score from Group A customers, overall.

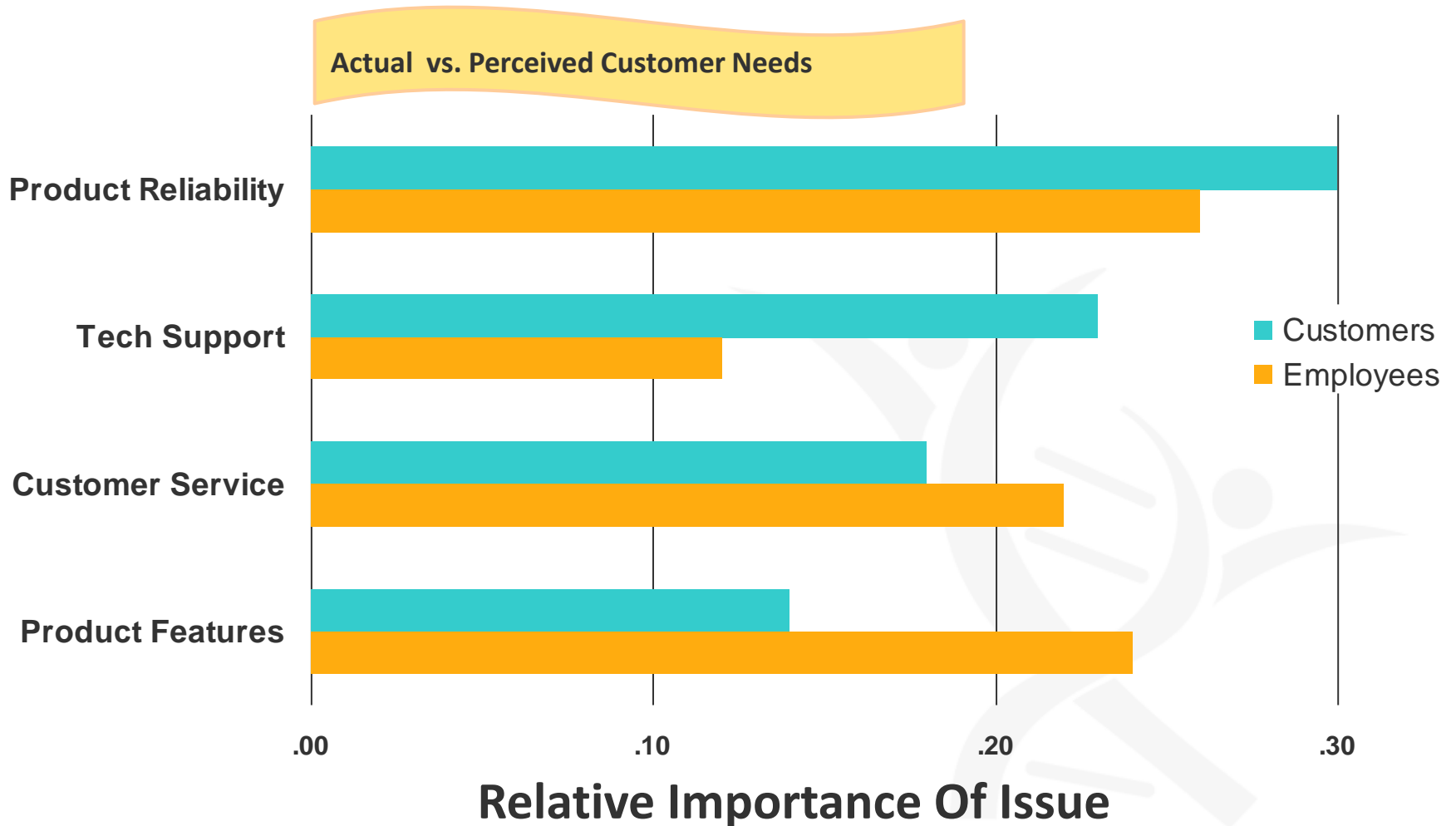
Top 2 Box score from Group B customers, overall.

* Top 2 Box score from employees. Note: Attributes are rank-ordered by CMG/WMG/EMG importance.

Q820 How satisfied or dissatisfied, overall, do you feel LLL's external customers would say they are with the organization's performance on . . . ?

Base: Employees- Total (n=4552); Group A - Total (n = 69-101); Group B - Total (n=239-260)

Employee Mirroring: Customer Need Importance Perceptual Gaps



Employee Research Approaches

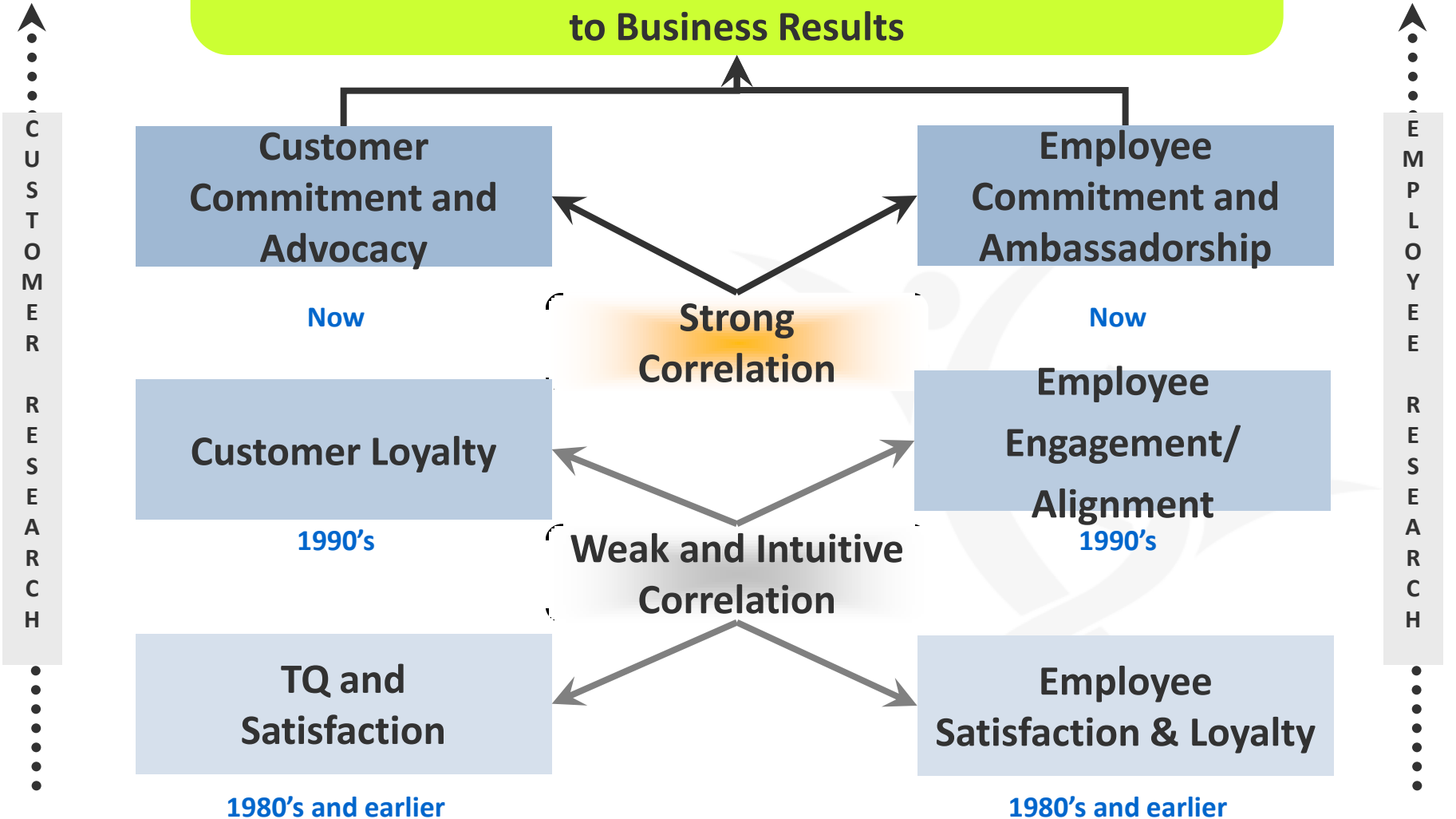


Definitions of Employee Research Concepts and Methods

- ***Employee Satisfaction and Loyalty*** – Identifies employee attitudes and behaviors leading to job satisfaction and employer loyalty
- ***Employee Engagement and Alignment*** – Identifies employee attitudes and behaviors leading to agreement with, and belief in, overall company mission and objectives, as well as ‘fit’, or alignment, and productivity within organizational culture
- ***Employee Ambassadorship*** – Identifies the most active level of employee commitment to the company’s product and service value promise, to the company itself, and to optimizing the customer experience. It is linked to, but distinctive from, the productivity and empowerment elements of employee satisfaction, engagement, and alignment research because its emphasis is building customer bonds through employee interaction.

Optimizing Customer Experience and Relationships

Linking Customer and Employee Commitment to Business Results



Many Ways to Define Employee Engagement

Analysis conducted by *The Conference Board* in 2006 showed that, among twelve leading engagement research companies, there were 26 key drivers, of which eight were common to all:

- **Trust and integrity** – How well do managers communicate and 'walk the talk'?
- **Nature of the job** – Is it mentally stimulating day-to-day?
- **Line of sight between employee performance and company performance** – Do employees understand how their work contributes to the company's performance?
- **Career growth opportunities** – Are there opportunities for growth within the company?
- **Pride about the company** – How much self-esteem do the employees feel by being associated with their company?
- **Coworkers/team members** – How much influence do they exert on the employee's level of engagement ?
- **Employee development** – Is the company making an effort to develop the employee's skills?
- **Relationship with one's manager** – Does the employee value relationship(s) with manager(s), and is there trust and credibility between the levels?

Typically, little or no mention/inclusion of 'customer' or 'customer focus' in measures or analysis of employee engagement. Though customer experience, and resultant behavior, is impacted by engagement, it tends to be more tangential than purposeful in nature.

Gregg Lederman's Justification of Engagement

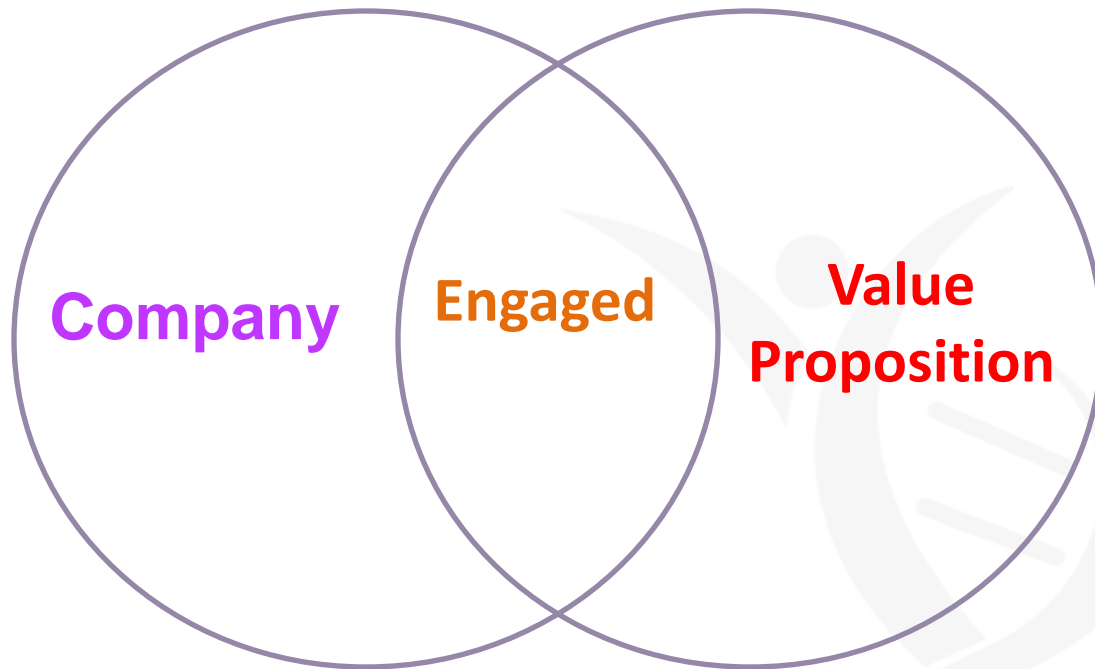
- In Lederman's widely read 2013 book **ENGAGED!**, he states:
"Remember, the purpose of your company is to create and keep profitable and engaged customers, and you simply can't do it without happy employees"
and
"Bottom line: companies with engaged employees witness more positive business outcomes while companies with disengaged employees suffer from lower productivity, higher costs, fewer consistently good customer experiences and less customer loyalty."
- No proof of either statement is offered in the book

Building Our Conceptual Framework/Model: The Two Key Components of Engagement

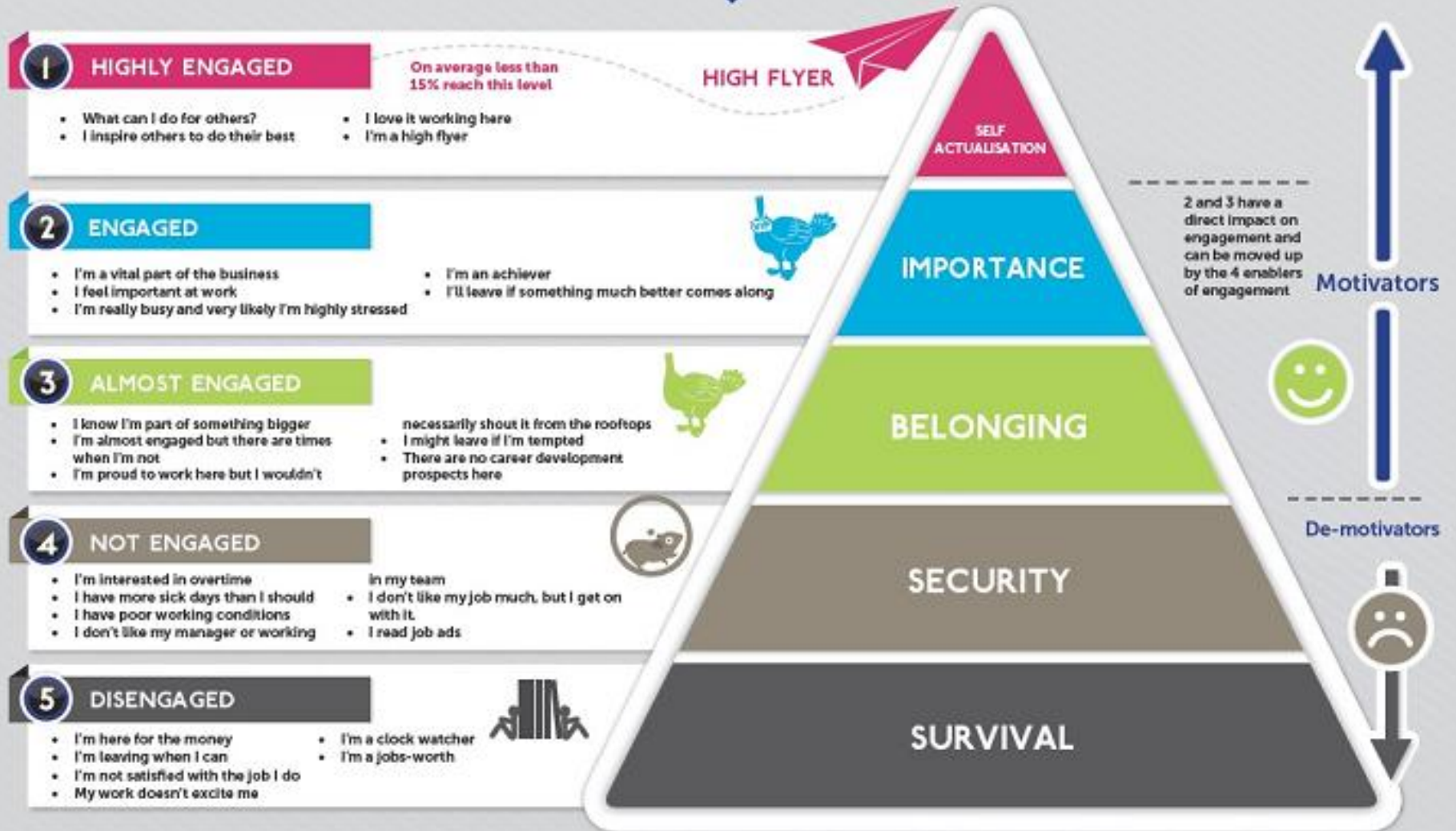
Commitment to Company - Commitment to, and being positive about, the company (through personal satisfaction and an expression of pride), and to being a contributing, and fully aligned, member of the culture.

Commitment to Value Proposition - Commitment to, and alignment with, the mission and goals of the company, as expressed through perceived excellence (benefits and solutions) provided by products and/or services

Employees That Score High on Commitment to the Company and The Value Proposition Are Considered Engaged



MASLOW'S HIERARCHY OF NEEDS APPLIED TO EMPLOYEE ENGAGEMENT



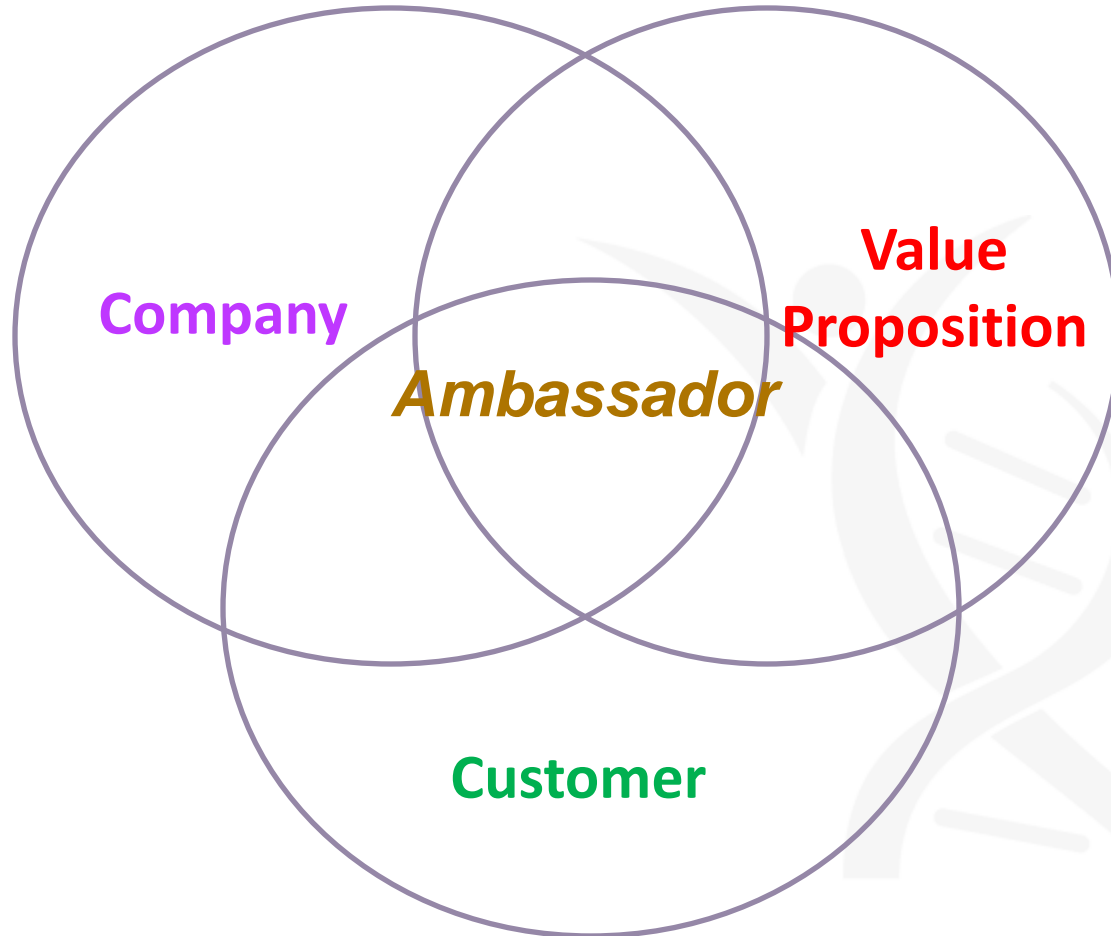
The Three Components of Employee Ambassadorship

Commitment to Company - Commitment to, and being positive about, the company (through personal satisfaction and an expression of pride), and to being a contributing, and fully aligned, member of the culture.

Commitment to Value Proposition - Commitment to, and alignment with, the mission and goals of the company, as expressed through perceived excellence (benefits and solutions) provided by products and/or services

Commitment to Customers - Commitment to understanding customer needs, and to performing in a manner which provides customers with optimal experiences and relationships, as well as delivering the highest level of product and/or service value.

Employees That Score High on Commitment to the Company, The Value Proposition, and the Customer Considered Ambassadors



Key Summary Points

- The employee ambassadorship framework has been designed to be conceptually consistent with, and complementary to, contemporary thinking about behavioral drivers, representing a key element of the stakeholder loyalty solutions portfolio.
- It is distinctive from employee satisfaction and employee engagement concepts. At the same time, it connects to, and expands upon, these more traditional HR-based staff research and design techniques, linking employee attitudes, beliefs, and action propensities to customer loyalty behavior.
- Subsequent employee ambassadorship training session will provide full understanding, and hands-on opportunity for use, of the concept