# Linking Employee and Customer Behavior Through Ambassadorship



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

Presented by
Colin Shaw, Founder and CEO
Michael Lowenstein, PhD, CMC, Thought Leadership Principal



### Beyond Philosophy & how we work...



## WE ARE PRACTICAL THOUGHT LEADERS

We take a scientific approach; we don't just look at the rational experience but also what drives human behavior - emotions, subconscious, behavioral economics and psychology, and then mix this with a practical implementation. Thought leadership with real world results. Hence our name 'Beyond Philosophy'



## WE ACT AS YOUR GUIDE AND PARTNER

We'll help you develop the strategy, guide the initiatives, and even train your CX team on our tools & methodologies. We do not wish to embed ourselves or be 'camped out' in your organization.



## WE REDUCE RISK AND INCREASE PERFORMANCE

We have a variety of proven tools and techniques to apply to your unique situation. We build a program around what will get you the best results. Through our vast experience we know what works and what doesn't.



## OUR EXPERIENCE IN CUSTOMER EXPERIENCE IS VAST

We are the first operational CX consultancy and training company in the world. Since 2002, we have had the pleasure to serve many of the top organizations across the globe.



## WE FOCUS ON WHAT WILL DRIVE VALUE (\$) FOR YOU

We do not believe in 'exceeding Customer expectations' at every point of contact. We do believe in identifying and focusing on those aspects of your experience that will drive the most value for you. To help achieve this we have the world's largest database of what drives Customer emotions.



## SEASONED CUSTOMER EXPERIENCE TOOLS & METHODS

With our vast experience we know what works and what doesn't. We have evolved our tool set in practical implementation and these are proven to work. We can use these on our engagement or we can train your people on how to do this or a mix of both.





#### **Some of Our Clients**

**Projects Have Included Both Customer and Employee Experience** 





barclaycard

















































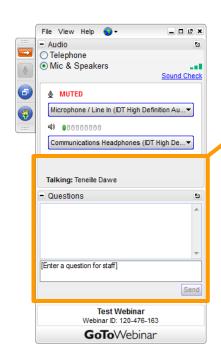




















Marketing Strategy Collection Naresh Malhotra, Editor

### Employee Ambassadorship

Optimizing Customer-Centric Behavior from the Inside-Out and Outside-In

Michael W. Lowenstein



BUSINESS EXPERT PRESS



@ColinShaw\_CX





### **About the Presenter**

- Thought Leadership Principal at Beyond Philosophy
- Formerly EVP at Market Probe, SVP at Harris Interactive (Nielsen), SVP at GfK/NOP World
- Over 35 years management and consulting experience; passionate about stakeholder behavior and brand 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 250+ 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)
  - New ebooks/soft cover books on stakeholder-centric research, culture and analytics - Customers Inside, Customers Outside (2014) and Employee Ambassadorship (2017)
  - Top 10 Content Contributor CustomerThink portal





## 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 Psychologyy 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





### Cultural Example: MBNA Employee Commitment Mantra (Charles Cawley Founded Bank in 1982/ Sold to Bank of America in 2006)

## Think of yourself as a Customer





Thank you

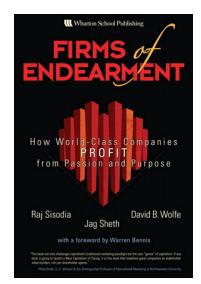
Mr. Cawley

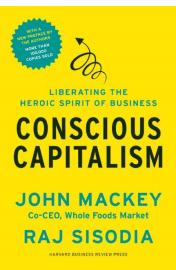
The People

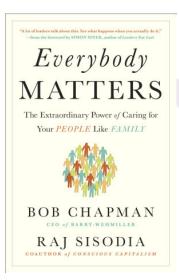


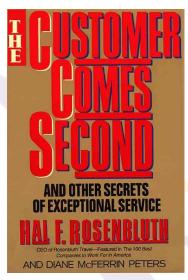


### Seminal Books on Linkage of Customer and Employee Experience











"Companies are only fooling themselves when they believe that 'The Customer Comes First.' People do not inherently put the customer first, and they certainly don't do it because their employer expects it. We're not saying choose your people over your customers. We're saying focus on your people because of your customers. That way, everybody wins." – Hal Rosenbluth and Diane Peters





## 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 (price/value)

#### **EMOTIONAL**

#### **Based on Trust**

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

#### **RATIONAL CONNECTION**



#### **EMOTIONAL CONNECTION**





## 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 CONNECTION**







## **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). Level of commitment and advocacy based on their rational and emotional response to experiences and relationships.
- *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 in terms of employer favorability level (including loyalty factors) and evidence/amount of informal communication about the employer. These attitudes and behaviors, like customers, can range from highly positive, to indifferent, to highly negative.
- Customer factors are proven to directly and indirectly impact employee behavior; employee factors directly impact customer behavior





## Implications for All Enterprises...

- How do we most effectively...
  - Get satisfied and engaged employees?
  - Build on engagement to reach ambassadorship?
  - Align our organization and processes around the customer and become more obsessively stakeholder centric?
  - Recruit, mentor, train, reward, recognize, promote, retain, align, communicate with, motivate employees?







## Where Is Much of the Corporate World?

Employee
Engagement
and
Experience

**Customer Experience** 



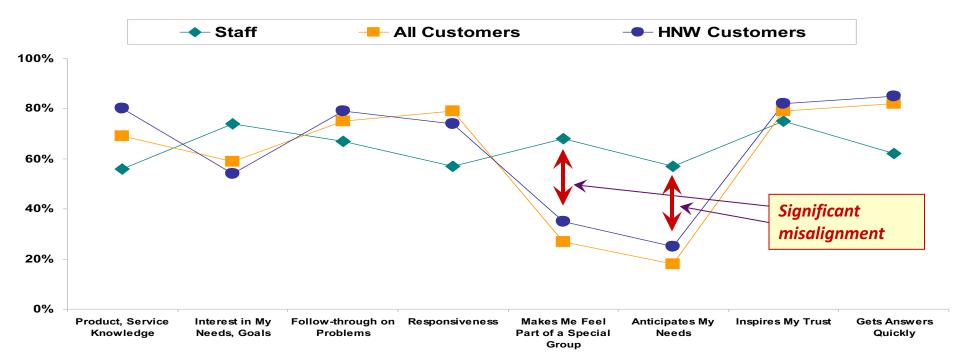




## **Customer-Employee Perceptual Gap Profiling**

A Customer-Centricity Two-Sided 'Mirror'

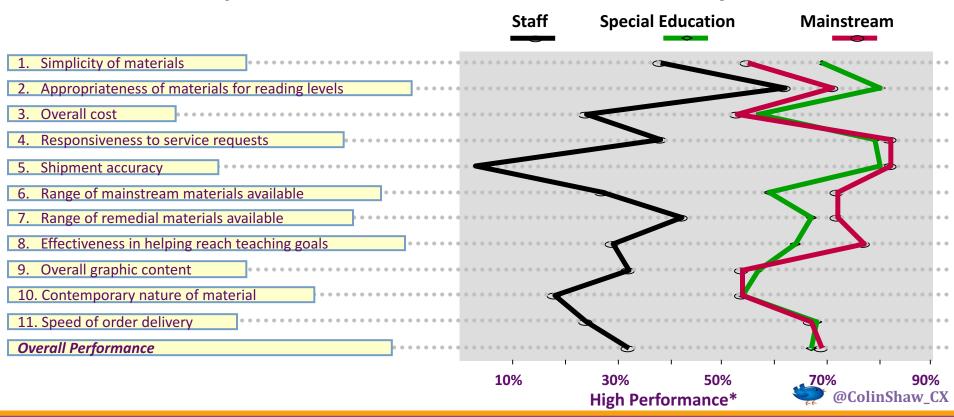
## **Measuring FinServ Customer and Staff Alignment**

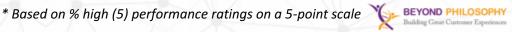




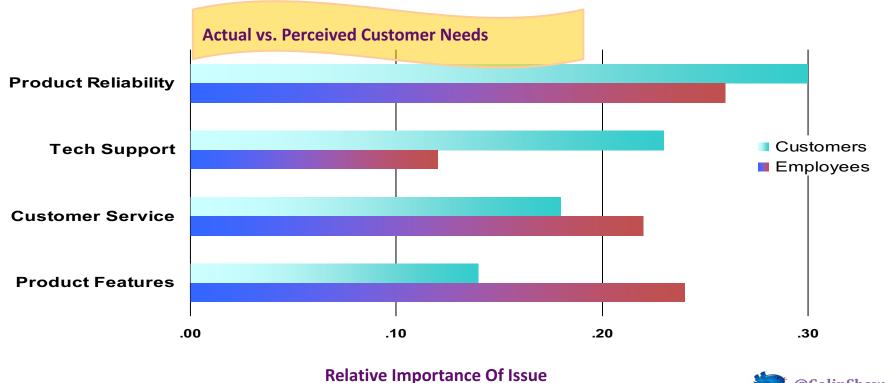


## Perceived Performance Gap Profile Staff vs Special Education vs Mainstream Subject Areas





## **Employee Mirroring: Customer Need Importance Perceptual Gaps**





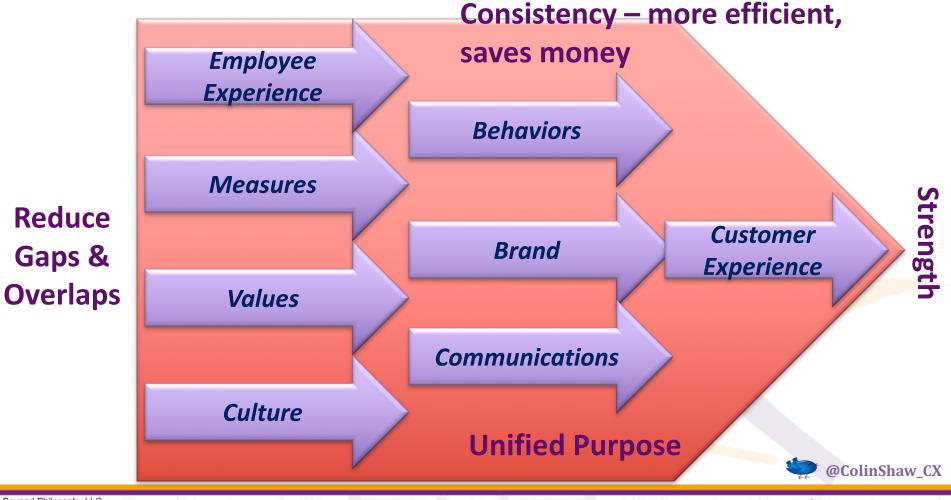


## Customer and Stakeholder-Focused Dynamic: Optimization and Integration

**Employee Engagement** Customer **Experience** and **Experience** 







**BEYOND PHILOSOPHY** 

Building Great Customer Experiences

### **Paraphrasing W. Edwards Deming:**

Everyone in the company must understand their role in customer relationships, and this should be evident to the customer as well.



Customer Experience

- What are the experiences we are trying to deliver?
- What delivery elements drive most value?
- How do we design deliberate, positive, and memorable customer and employee experiences?

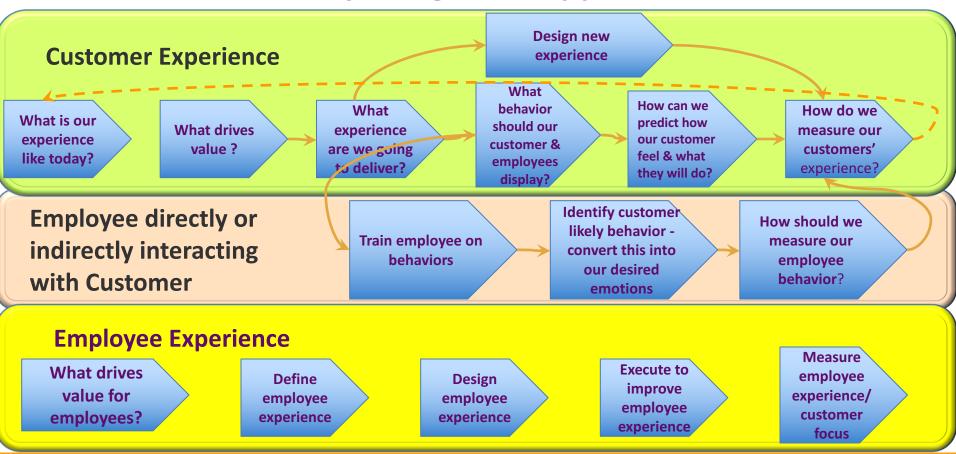








## **A Truly Integrated Approach**





## **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 delivery promise, to the company itself, and to optimizing the customer experience. It is linked to, but also distinctive from, the core productivity and empowerment elements of employee satisfaction, engagement, and alignment research because its emphasis is building customer value and relationships through employee interaction.





## Optimizing Customer Experience and Relationships

Linking Customer and Employee Commitment to Business Results

Customer Commitment and Advocacy

Strong
Correlation/
Causation

**Employee Commitment** and Ambassadorship

Now

Now

**Customer Loyalty** 

1990's

TQ and

**Satisfaction** 

1980's and earlier

Weak and Intuitive Correlation/Causation



**Employee Engagement and Alignment** 

1990's

Employee Satisfaction & Loyalty

1980's and earlier

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BEYOND PHILOSOPHY
Building Great Customer Experiences

## Many Ways to Define Employee Engagement

Analysis conducted by *The Conference Board* in 2006 showed that, among twelve leading engagement research companies, there were <u>26</u> individual 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', 'customer value' or 'customer focus' in measures or analysis employee engagement. Though customer experience, and resultant behavior, is often impacted by engagement, it is more tangential than purposeful in nature.





## Building Our Framework: The Two Key Components of Engagement

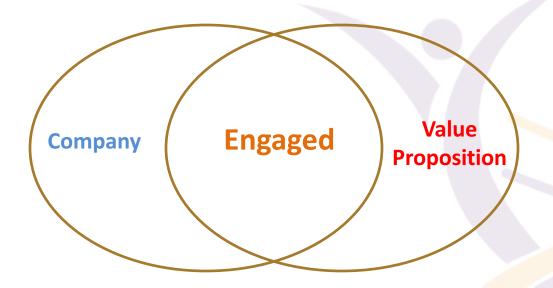
**Commitment to Company** - Commitment to, and being positive about, the company (through personal satisfaction and an expression of pride), and to being a contributing, and fully aligned, member of the culture.

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







## 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.

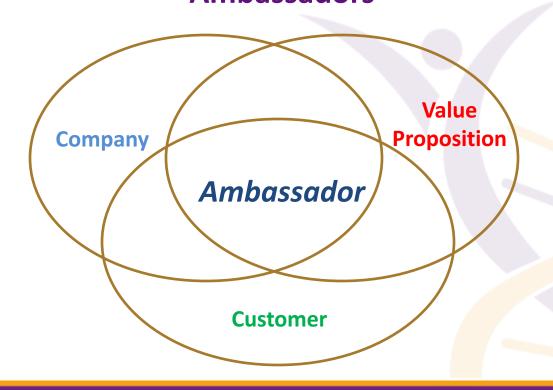
Commitment to Value Proposition - Commitment to, and alignment with, the mission and goals of the company, as expressed through perceived excellence (benefits and solutions) provided by products and/or services.

<u>Commitment to Customers</u> - 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 Are Considered Ambassadors



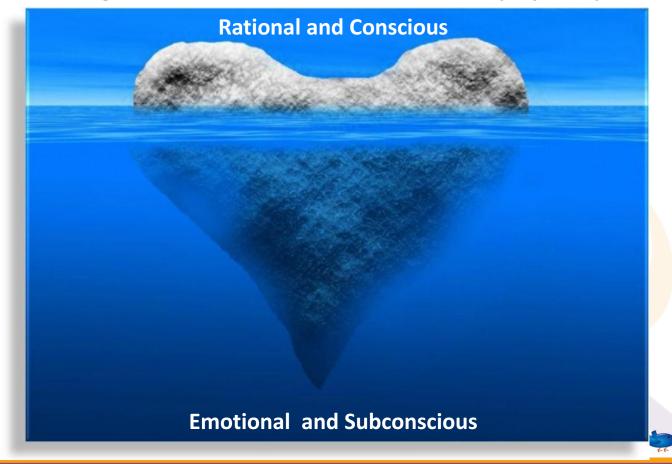




All Stakeholders Are People, And Act on Emotional, Rational and Subconscious Memory of Experience:

Applying (Customer) Emotional Signature<sup>SM</sup> to Employee Experience and Behavior

#### **Emotional Signature<sup>SM</sup> Looks at Both Sides of the Employee Experience**





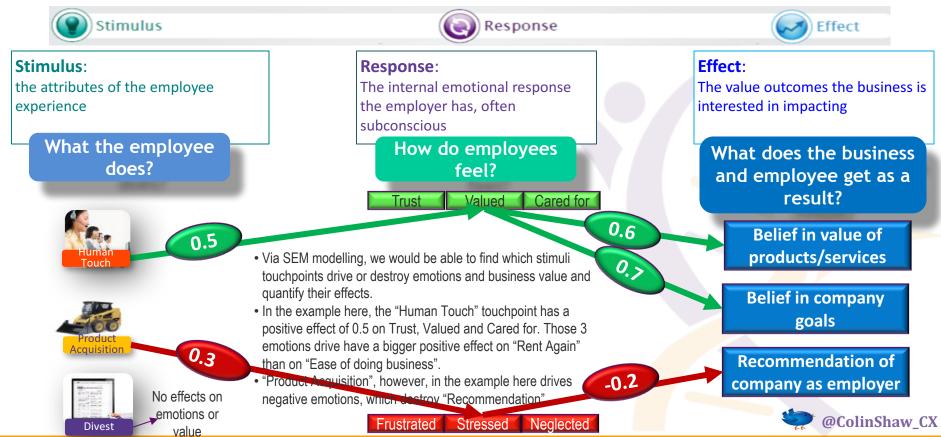
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Our Research Construct:

Example Employee Emotional Signature SM

Design and Actual Study Results

### Simplified Employee Emotional Signature<sup>SM</sup> Model: True Drivers of Employee Experience/Commitment





Designing Core Employee Research
Components
and
Developing Key Analytics and Insights

## Financial Services Client Employee Survey



- 503 Survey Completions
- High Response Rate, Drawn from Three Locations
- 437 Desirability (Max-Diff)
   Exercise Completions
- Conducted October, 2015
- Evaluation by Function, Level, Location, Gender. Tenure, etc.





## Client Employee Attributes & Touchpoint Groupings (Developed via Workshop)

ck &	Cross-training opportunities help me provide better value to customers
Feed-back Training	Training received aligns with how I perform my job
	Feedback and guidance are provided to help me improve personal performance
	My salary is on par with other companies
ent ty	The department is responsive to changing employee needs
Advancement Opportunity	I understand expectations for positions in which I'm interested
vanc	Selection process for promotions is fair and consistent
A o	There is opportunity for career advancement
	I plan on making my career at company
ace	Improvement ideas are implemented
Work-place	There is freedom to express ideas
Wor	My work contributes to company's success
	I feel valued as a team member
	I am proud to tell people I work in the department
	I enjoy coming to work
Bonding	This is the type of job in which I can feel a sense of personal accomplishment
Bon	I feel like I can be my true self at work
	My department uses employee feedback to make improvements
	I can make decisions to solve customer problems without asking for approval
	I have involvement in decisions that affect my work



## **Client Employee Attributes & Touchpoint Groupings**

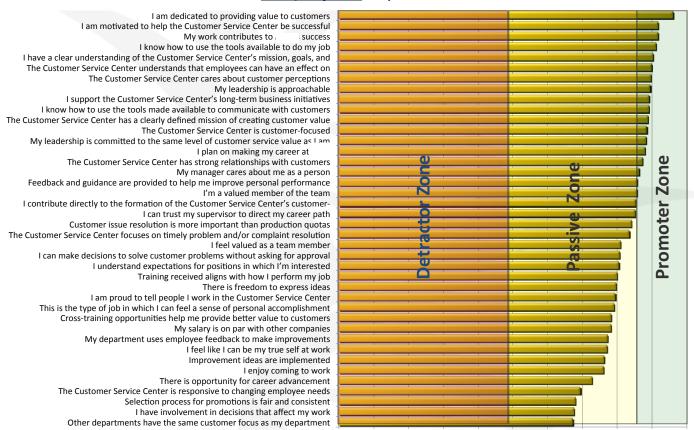
w	I know how to use the tools made available to communicate with customers
Tools	I know how to use the tools made available to communicate with customers
	Other departments have the same customer focus as my department
Team	I'm a valued member of the team
흗	My leadership is approachable
ers	My manager cares about me as a person
Leadership	My leadership is committed to the same level of customer value as I am
_	I can trust my supervisor to direct my career path
	Customer issue resolution is more important than production quotas
S	The department cares about customer perceptions
Foci	The department has strong relationships with customers
mer	The department is customer-focused
Customer Focus	The department has a clearly defined mission of creating customer value
Ö	The department focuses on timely problem and/or complaint resolution
	I am dedicated to providing value to customers
nent	I am motivated to help the department be successful
gnn	I support the department's long-term business initiatives
Business Alignment	I have a clear understanding of the department's mission, goals, and objectives
ines	I contribute directly to the formation of the department's customer-focused objectives
Bus	The department understands that employees can have an effect on customer loyalty behavior



	Value Indicator	Survey Question
	Employee Satisfaction	<ul> <li>Overall, how satisfied are you with your job?</li> <li>In the next year, how likely are you to continue working for company?</li> </ul>
	Employee Engagement	<ul> <li>How loyal are you to company?</li> <li>How strong is your personal commitment to the success of the organization?</li> <li>How strong is your personal belief in the goals and objectives of the organization?</li> </ul>
	Employee Commitment	<ul> <li>How frequently do you tell others how good the organization's products and services are?</li> <li>How frequently do you tell others how bad the organization's products and services are?</li> <li>How strong is personal belief that the organization's products/services exceed customer expectations?</li> </ul>
	Internal Appraisal Score	Data Provided by company
	Employee Knowledge	Data Provided by company
	Ease (EOC)	Data Provided by company
	Employee Tenure	Data Provided by company
ophy LLC erved. 2001-2017		



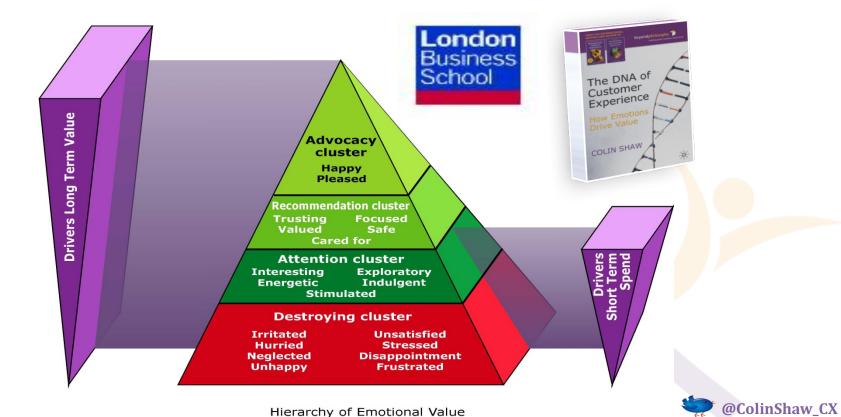
## How Employees <u>Currently Rate</u> Attributes of the <u>Employee</u> Experience







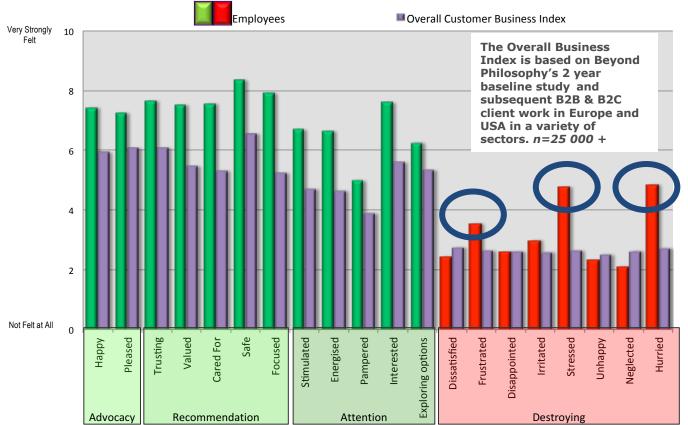
## **Emotions: Starting with a Foundational Understanding...**





## **Emotional Profile: How Employees Feel Towards Company**



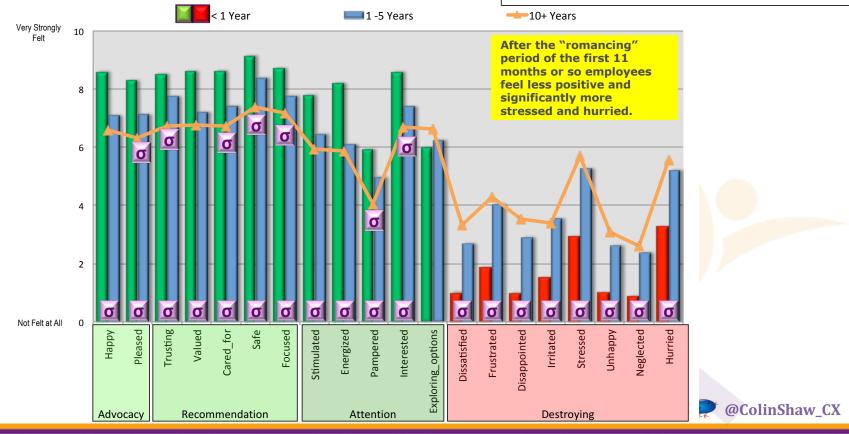




### Emotional Profile: Tenure < 1 Year vs 1-5 Years vs 10+ Years

statistically significant difference

- •between <1 year and 10+ years (when  $\sigma$  on bottom of chart
- •between 1-5 years and 10+ years (when  $\sigma$  middle of chart)





### Identifying Value of Employee Experience Elements (Through SEM Model)

Can Be Done By Attribute and/or Category

value Drives

value drive S

### Subconscious

Not desired but drives value

#### Conscious

Desired and drives value

#### Invisible

Not desired and does not drives value

### Deception

Desired and does not drives value

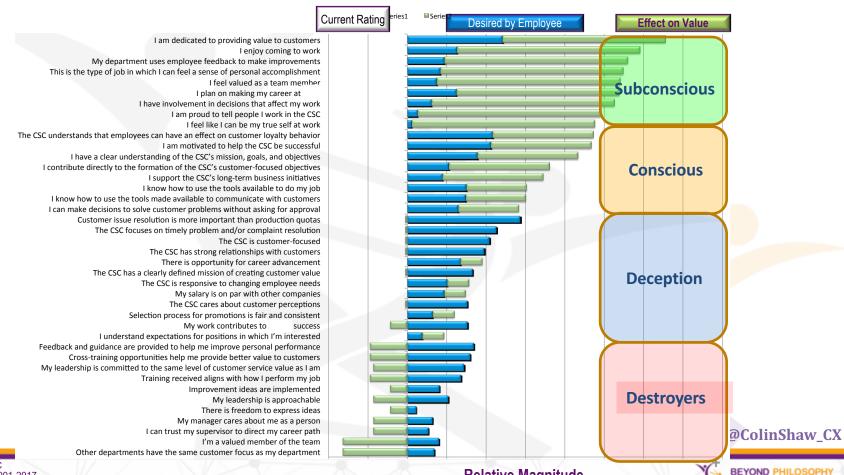
Not desired

Desired





## **Priority Value Order of the Employee Attributes (via SEM):**



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**Relative Magnitude** 



## **Overall Employee Attribute Ratings**

### The Positives

Among the top ten attribute scores by all respondents, six of them were in the categories of *Customer Focus* and *Business Alignment*:

#### **Customer Focus**

- I am dedicated to providing value to customers
- The organization cares about customer perceptions

#### **Business Alignment**

- I am motivated to help the organization be successful
- I have a clear understanding of the organization's mission, goals, and objectives
- The organization understands that employees can have an effect on customer loyalty behavior
- I support the organization's long-term business objectives







## Overall Employee Attribute Ratings, contd.

### **The Challenges**

Eight of the bottom ten attribute scores were in the categories of **Advancement** and **Bonding**.

#### **Advancement**

- My salary is on par with other companies
- There is opportunity for career advancement
- The department is responsive to changing employee needs
- Selection process for promotions is fair and consistent

#### **Bonding**

- My department uses employee feedback to make improvements
- I feel like I can be my true self at work
- I enjoy coming to work
- I have involvement in decisions that affect my work

The other two are "Improvement ideas are implemented" and "Other departments have the same customer focus as my department."







## **Tenure-Related Issues**

- Tenure appears to have a significant impact on degree of employee commitment. Aggregated *Value Indicator* mean score:
  - <1 years, score of 23.26 (used as base)</li>
  - 1 to 5 years, score of 19.96 (14% lower)
  - 5 to 10 years, score of 17.33 (25% lower)
  - 10+ years 18.45 (21% lower)



 Age also showed differentiation as employees became older (the youngest group being quite high in ambassadorship at 21.95, and all older groups somewhat lower), but not as dramatic as tenure.





## Tenure-Related Issues, contd.

#### **The Positives**

#### Value Indicators

- Loyalty to company and personal commitment to company success were high, and remained high irrespective
  of tenure
- Personal belief in goals and objectives and frequency of telling others how good company products and services are were also high; however, there was some decline with tenure.
- Personal belief that products and services exceed customer expectations were almost as strong, but showed more evidence of decline as tenure increased.

#### **Attributes**

- There was relatively strong perception that employees work contributes to company success, much of which was fairly stable over the time of tenure:
  - "My work contributes to company success",
  - "I know how to use the tools available to do my job"
  - "I am dedicated to providing value to customers",
- All of the **Leadership** attributes, and many of the **Customer Focus** and **Business Alignment** attributes, were very positive among newer employees; but they **declined over tenure**, to the lowest level after 10+ years of employment.
- Interestingly, one Advancement attribute "I plan on making my career at company" declined after the first year, continued to decline after five years, and recovered among those employees with 10+ years.





## Tenure-Related Issues, contd.

### The Challenges

#### Value Indicators

 Both job satisfaction and likelihood to continue being employed at company were lower than other value indicators and also showed significant decline with increased tenure

#### **Attributes**

- As a general statement, there was a tendency for mean attribute ratings to decline with increased employee tenure, in some cases quite significantly. This was especially true in Training, Advancement, Environment, Team, and Leadership attribute categories.
- Over range of tenure covered in the research, the most significant declines in mean ratings were "Selection process for promotions is fair and consistent", Other departments have the same focus as my department", and "I have involvement in decisions that affect my work."





## Relevant and Actionable Employee Ambassadorship Validation





# **Employee Loyalty\* By Ambassadorship Group**

	Saboteur	Indifferent	Ambassador	Total
Low	61.0	3.2	0.0	19.8
Medium	38.5	84.3	27.3	61.9
High	0.5	12.5	72.7	18.3
Total	100	100	100	100

### \* PLS factor of the following three metrics:

- Overall, how would you rate your organization as a place to work?
- If a friend or a family member were to consider applying for a job at your organization, how strongly would you recommend it as a place to work?
- I feel very loyal to my organization.





# How Often Say Good Place/Bad Place To Work by Ambassadorship Groups

Good Place To Work

	Saboteur	Indifferent	Ambassador	Total
Rarely/Never	55.5	7.0	0.9	20.4
Sometimes-Very Often	42.4	63.6	13.4	49.6
Almost Always/Always	2.1	29.4	85.7	30.1
Total	100	100	100	100

Bad Place To Work

	Saboteur	Indifferent	Ambassador	Total
Rarely/Never	50.5	86.5	98.1	77.7
Sometimes-Very Often	42.3	13.0	0.7	19.8
Almost Always/Always	7.1	0.5	1.2	2.6
Total	100	100	100	100





# How Often Say Good/Bad Products and Services by Ambassadorship Groups

Good
Products/
Services

	Saboteur	Indifferent	Ambassador	Total
Rarely/Never	46.0	7.9	1.6	18.1
Sometimes-Very Often	50.3	65.7	20.1	54.1
Almost Always/Always	3.8	26.5	78.2	27.8
Total	100	100	100	100

Bad Products/ Services

	Saboteur	Indifferent	Ambassador	Total
Rarely/Never	64.9	88.9	97.3	83.1
Sometimes-Very Often	31.6	10.5	1.0	15.3
Almost Always/Always	3.5	0.5	1.6	1.6
Total	100	100	100	100





## Nine Employee Ambassadorship Best Practices

- Build a climate and culture of trust and authenticity
- Train, train (and cross-train in customer sensitivity and value proposition); embed customer experience requirements in all job descriptions
- Make certain everyone has a career path; build in CX elements
- Provide frequent evaluations/contribution reviews
- Seek to inform, seek to debrief, and be transparent
- Recognize and reward customer-focused initiative
- Don't just ask employees what they want, provide it
- By all means, have fun; apply techniques such as gamification
- Hire the 'right' employees in the first place

Source: Customer WinBack, Jill Griffin and Michael Lowenstein





## **Concluding Thought**

"Every Honeywell employee is a brand ambassador. With each customer contact, and whenever we represent Honeywell, we have the opportunity to either strengthen the brand or cause it to lose some of its luster and prestige. Generations of Honeywell employees have built our powerful brands with their hard work, spirit of innovation, passion for quality, and commitment to customers. I am counting on every Honeywell employee to continue that legacy."

Message from
David Cole, Former Chairman and CEO
Honeywell International, Inc.
August, 2004
to company's 120,000+ employees





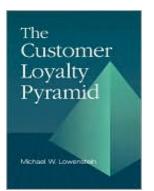
## Based on Ambassadorship-Centric Employee Emotional Signature Research, What Actions Should Companies Be Taking?

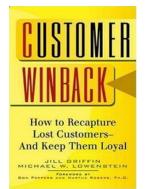
- Employees, at all levels and in all functions, need to have a thorough understanding of what is important to customers so that their actions match customer expectations and performance requirements.
- Employees' behavior and experience needs to be aligned around positive customer experiences and customer loyalty.
- Management must build processes, technology, training, reward, recognition, and organizational/cultural practices that support employees being able to optimize customer experience.
- Companies should evaluate the effectiveness of linkage metrics associated with delivering customer value – financial and non-financial performance, addressing customer life cycle, amount of cross-functional collaboration to support customers.





# Stakeholder-Related Publications and Contact Information...





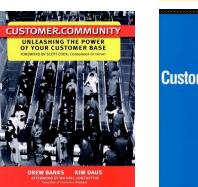


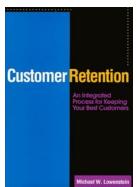
Thought Leadership Principal Beyond Philosophy

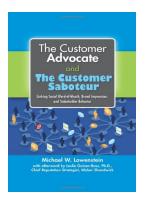
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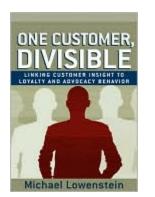
Michael.Lowenstein@beyondphilosophy.com

856-283-1182







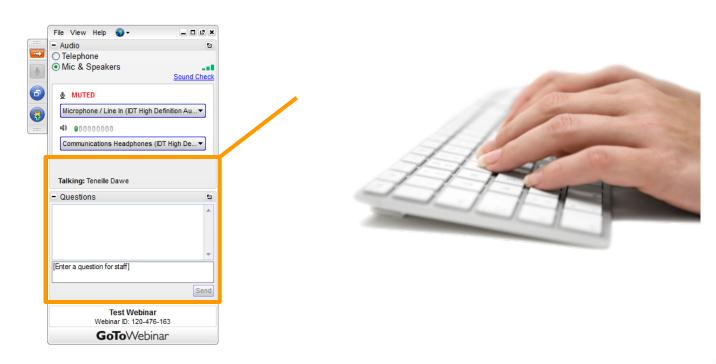


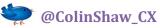






## **Q&A** time – Send us your questions







## Upcoming webinars...

- WHERE CUSTOMER EXPERIENCE (CX)
   MEASUREMENT GOES WRONG
   August 22<sup>nd</sup> 2017 11am Eastern
- SECRETS REVEALED: THE 7 KEY STRATEGIC QUESTIONS CRITICAL FOR A SUCCESSFUL CX
- September 21<sup>st</sup> 2017 11am Eastern
- Intuitive Customer conversation –
   Every other Monday





