Sharpen Customer Experience Focus With Employee Engagement

by Sam Stern, August 26, 2013

KEY TAKEAWAYS

Engaged Employees Sustain Customer Experience Efforts
Customer experience professionals are typically part of very small teams. To succeed, they need help from a broad base of engaged employees who are motivated to exceed customer expectations.

Strong Employee Engagement Correlates With Higher Productivity And Profits
Companies with higher employee engagement ratings have higher profit margins. More engaged employees deliver better customer outcomes as measured by customer satisfaction, loyalty, and likelihood-to-recommend scores.

Companies Can Create Highly Engaged Customer-Centric Employees
Customer experience teams must ensure that employees have the training, tools, and autonomy they need to take control of the customer experience.
Sharpen Customer Experience Focus With Employee Engagement

by Sam Stern
with Harley Manning and Carla O'Connor

WHY READ THIS REPORT

Employee engagement drives both better customer experience and greater profit margins. What's more, it's essential for companies that want to sustain customer experience success over time. But most companies aren't doing what it takes to engage employees and keep them engaged for the long run. This report describes the specific steps that organizations can take to motivate, equip, and empower their employees for customer centrity.

Table Of Contents

2 Interest In Employee Engagement Is High — As It Should Be
But Few Firms Do What It Takes To Engage Employees

6 Best Practices For Engaging Employees
Create An Employee Engagement Road Map
Inspire Employees By Socializing Customer Centricity
Build Customer Centricity Into Employee Tools And Ongoing Practices

RECOMMENDATIONS
10 How To Start Improving Employee Engagement

11 Supplemental Material

Notes & Resources
Forrester interviewed 15 companies, including Allianz Life Insurance, Blue Cross Blue Shield of Michigan, BMO, CIBC, Cleveland Clinic, easyJet, FedEx, Ferrazzi Greenlight, Ingersoll-Rand, Penske System, Pitney Bowes, Rogers Communications, Root, RoundPegg, and Walker Information.

Related Research Documents
CIOs Must Champion Engaging Employee Experiences
May 7, 2013

Measure Workforce Experience Through Engagement, Productivity, And Customer Impact
May 7, 2013

The Customer Experience Ecosystem
February 28, 2013

How The Voice Of The Employee Empowers Customer Experience Efforts
January 28, 2011

How To Build A Customer-Centric Culture
November 19, 2010
INTEREST IN EMPLOYEE ENGAGEMENT IS HIGH — AS IT SHOULD BE

When Forrester surveyed customer experience professionals about their spending plans in 2013, roughly two-thirds confirmed that they have budgets to bolster employee engagement (see Figure 1). Customer experience (CX) leaders who focus on employee engagement are right to do so because engaged employees:

- **Give customer experience teams greater reach.** The majority of customer experience teams comprise 10 or fewer members (see Figure 2). But large companies deliver millions of interactions annually to increasingly demanding customers. That means CX professionals need the help of employees who’ll deliver the right experience, day in and day out, without close supervision.

- **Boost profits.** Engaged employees are good for business. Towers Watson — a human resources consultancy — conducted an analysis of 50 global companies and found that companies with low engagement scores had average one-year operating margins of less than 10% (see Figure 3). In contrast, companies with the highest engagement scores had average operating margins of more than 27%.

- **Deliver better customer outcomes.** Dell found that customer Net Promoter Scores (NPS) were twice as high for experiences delivered by highly engaged employees. And a meta study of 7,939 business units in 36 companies, published in the Journal of Applied Psychology, found that higher employee engagement scores correlated with higher customer satisfaction and loyalty measures.

- **Are less likely to walk out the door.** Towers Watson found that more engaged workers report that they are less likely to leave their firms. The data also shows that more engaged workers lose fewer days each year both to “presenteeism” (lost productivity while at work) and to absenteeism.

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**Figure 1 Investments To Reinforce Customer-Centric Culture**

“Which of the following customer experience culture-related categories do you expect to spend money on in 2013?”

- Internal communications: 68%
- Employee training and education: 63%
- Informal reward and recognition programs: 35%
- None of the above: 16%

**Source:** Q4 2012 Global Customer Experience Peer Research Panel Online Survey

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Figure 2 Typically, Small CX Teams Need Help

“How many full-time equivalents are on your customer experience team (including you, if you’re on that team)?”

<table>
<thead>
<tr>
<th>Number of FTEs</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fewer than 3</td>
<td>15%</td>
</tr>
<tr>
<td>3 to 5</td>
<td>25%</td>
</tr>
<tr>
<td>6 to 10</td>
<td>25%</td>
</tr>
<tr>
<td>11 to 15</td>
<td>9%</td>
</tr>
<tr>
<td>16 to 20</td>
<td>5%</td>
</tr>
<tr>
<td>21 to 29</td>
<td>5%</td>
</tr>
<tr>
<td>30 or more</td>
<td>9%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>5%</td>
</tr>
</tbody>
</table>

65% have teams of 10 or fewer.

Source: Q4 2012 Global Customer Experience Peer Research Panel Online Survey

Figure 3 Employee Engagement Correlates To Higher Profits

Profit margins

<table>
<thead>
<tr>
<th>Engagement Level</th>
<th>Profit Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low engagement</td>
<td>9.9%</td>
</tr>
<tr>
<td>Traditional engagement</td>
<td>14.3%</td>
</tr>
<tr>
<td>Sustainable engagement</td>
<td>27.4%</td>
</tr>
</tbody>
</table>

Base: 50 global companies

Source: adapted from the Towers Watson normative database
Figure 4 More Engaged Employees Are More Productive

<table>
<thead>
<tr>
<th>Employee productivity and retention</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absenteeism</td>
</tr>
<tr>
<td>Presenteeism</td>
</tr>
<tr>
<td>Likely to leave</td>
</tr>
</tbody>
</table>

Base: 50 global companies

Source: adapted from the Towers Watson normative database

But Few Firms Do What It Takes To Engage Employees

Unfortunately, most companies don’t have engaged employees. A recent Gallup study found that 70% of US employees said that they were either actively disengaged or not engaged at work (see Figure 5). Why do companies’ investments in employee engagement produce such dismal results? It’s because firms aren’t doing what it really takes to engage employees. For example, they:

- **Don’t train employees on how to deliver a specific type of experience.** Without the clarity that a customer experience strategy provides, employees struggle to understand fundamentals like why customer experience is important in the first place and what type of experience their company seeks to deliver. But Forrester found that only 21% of customer experience professionals say that their companies consistently train employees on how to deliver an experience that aligns with their CX strategy (see Figure 6). The result: a workforce that’s unmotivated and confused.

- **Don’t reinforce customer-centric behavior.** Customer-centric cultures motivate employees by recognizing them when they do the right thing for customers. And yet only 25% of companies consistently use informal rewards and celebrations to highlight customer-centric behavior. That sends the message that delivering a positive experience isn’t as important as other activities that do earn recognition.
### Figure 5 Employee Engagement Among The US Working Population

<table>
<thead>
<tr>
<th></th>
<th>Actively disengaged</th>
<th>Not engaged</th>
<th>Engaged</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>18%</td>
<td>52%</td>
<td>30%</td>
</tr>
<tr>
<td>2011</td>
<td>19%</td>
<td>52%</td>
<td>29%</td>
</tr>
<tr>
<td>2010</td>
<td>19%</td>
<td>53%</td>
<td>28%</td>
</tr>
<tr>
<td>2009</td>
<td>18%</td>
<td>54%</td>
<td>28%</td>
</tr>
<tr>
<td>2008</td>
<td>20%</td>
<td>51%</td>
<td>29%</td>
</tr>
<tr>
<td>2007</td>
<td>20%</td>
<td>50%</td>
<td>30%</td>
</tr>
<tr>
<td>2006</td>
<td>15%</td>
<td>55%</td>
<td>30%</td>
</tr>
<tr>
<td>2005</td>
<td>15%</td>
<td>59%</td>
<td>26%</td>
</tr>
<tr>
<td>2004</td>
<td>17%</td>
<td>54%</td>
<td>29%</td>
</tr>
<tr>
<td>2003</td>
<td>17%</td>
<td>55%</td>
<td>28%</td>
</tr>
<tr>
<td>2002</td>
<td>17%</td>
<td>53%</td>
<td>30%</td>
</tr>
<tr>
<td>2001</td>
<td>16%</td>
<td>54%</td>
<td>30%</td>
</tr>
<tr>
<td>2000</td>
<td>18%</td>
<td>56%</td>
<td>26%</td>
</tr>
</tbody>
</table>


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Figure 6 Adoption Levels For Culture Practices

“To what extent does your company do the following practices related to culture?”

- Screen candidates for customer-centric values as part of the hiring process
  - We don’t do this at all: 31%
  - We do this sporadically or inconsistently: 41%
  - We do this consistently: 17%

- Screen candidates for specific skills needed to deliver on the customer experience strategy as part of the hiring process
  - We don’t do this at all: 31%
  - We do this sporadically or inconsistently: 43%
  - We do this consistently: 17%

- Provide training to employees to ensure delivery of the organization’s customer experience strategy
  - We don’t do this at all: 25%
  - We do this sporadically or inconsistently: 51%
  - We do this consistently: 21%

- Use informal rewards and celebrations to highlight exemplary customer-centric behavior
  - We don’t do this at all: 21%
  - We do this sporadically or inconsistently: 50%
  - We do this consistently: 25%

Base: 100 customer experience professionals at large companies (percentages may not total 100 because of rounding)


BEST PRACTICES FOR ENGAGING EMPLOYEES

How can companies translate their good intentions into effective actions? To find out, Forrester interviewed 11 companies and four consulting firms to determine how they succeed at engaging employees. We found that they take three major types of action: They create an employee engagement road map, inspire employees by socializing customer centricity, and build customer centricity into employee tools and ongoing practices.

Create An Employee Engagement Road Map

Engagement initiatives need to be specific to the type of culture the company is trying to achieve. Therefore, effective efforts start with a plan that details where the company is today and where it wants to be in the future. To create this plan, customer experience professionals should:

- Complete an engagement inventory. Customer experience leaders should start by assessing the level of employee engagement at their firms today. Many companies already measure engagement, and those that don’t can use surveys from companies like Kenexa, Gallup, and Towers Watson. With data in hand, CX pros can perform gap analyses to identify areas for improvement. For example, employees who don’t feel empowered to solve problems are unlikely to proactively fix customer experience failures.
- **Craft a customer experience vision.** Employees need a clear, concise vision that communicates what’s expected of them. UK-based airline easyJet wanted to transform its airport and in-flight experience from one that was purely low-cost to one where its employees and partners deliver a consistent, friendly, and efficient customer experience at every stage of the journey. The customer experience team facilitated teams from all across the airline to create a one-page customer charter that described the new easyJet flying promise to customers and included clear statements that employees could understand and internalize (see Figure 7).

- **Set clear and explicit goals.** The Cleveland Clinic conducted customer-centric culture training for 43,000 employees. During the planning process, facilitators wrote down four outcome statements they wanted employees to internalize as a result of the training (see Figure 8). The clarity of these statements helped them craft the curriculum and helped the organization assess the success of their efforts.⁶

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**Figure 7** EasyJet Customer Charter

![EasyJet Customer Charter](source: easyJet website)

Source: easyJet website

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Inspire Employees By Socializing Customer Centricity

Creating and maintaining employee engagement requires ongoing effort. To continuously reinforce the importance of customer focus, and the roles employees play in delivering the intended experience, CX professionals must:

- **Embed customer experience principles into employee training programs.** Customer experience professionals need to incorporate new concepts into their preexisting training programs. For example, Bank of Montreal (BMO) integrated its highly successful “Brilliant at the Basics” program into training for new hires. The program reminds BMO staff members of core customer-centric values they can express every day in their jobs.

- **Reinforce training through ongoing communication.** Blue Cross Blue Shield of Michigan’s (BCBSM’s) E4 program (educate, equip, and empower employees) engages all employees in delivering its new customer experience. The customer experience team at BCBSM employs a variety of formats for the training, including videos that articulate what customer experience is and why it matters. Its Clear and Simple program, aimed at improving communication with customers, includes an initiative called Movie Moments. It riffs off famous movie quotes as a way of reminding employees to use simple language. One example paraphrases a famous line from *Jerry Maguire*: “You had me at hello . . . you lost me at *Adjudicate*.”

- **Provide ongoing examples of customer-centric behavior through rituals and routines.** Twice a day, at all of its hotels around the world, The Ritz-Carlton Hotel employees gather for 15-minute meetings known as Daily Lineups. This ritual includes storytelling where employees share great guest experiences they delivered the previous day. They also talk about what they need to focus on to deliver great guest experiences that day as well. These conversations facilitate employee ownership for delivering the hotel’s intended experience. Ritz-Carlton is so well known for great service and customer-centric employees that it now offers its training programs to other companies through the Ritz-Carlton Leadership Center.
Build Customer Centricity Into Employee Tools And Ongoing Practices

Companies need to ensure that their employee engagement initiatives won’t fade over time. They can do this by implementing operational changes that sustain improvements. CX professionals who want to ensure lasting impact should:

- **Equip employees with customer-centric tools and empower them to use the tools.** Customer journey maps and ecosystem maps help companies find both strengths and opportunities for improvement in their existing customer experiences. When employees use these tools, they gain greater understanding of the end-to-end experience and what they can do to improve it. For example, Allianz Life Insurance’s customer experience team partnered with the claims department to map and improve the end-to-end experience for death claims. Claims department employees were empowered to make improvements to the experience like redesigning forms and creating a case manager role to improve communications. In part because employees felt a sense of ownership for these improvements, their engagement scores went up more than 30 points over two years.

- **Coach frontline managers to continuously reinforce employee engagement.** Ingersoll-Rand has frontline managers take ownership of its engagement programs, which are focused around the needs of specific teams. The company’s customer experience team and human resources (HR) department work with managers to help them assess the results of their efforts, follow up with individual team members, and take broader actions to improve overall employee engagement. For example, Ingersoll-Rand’s engineering organization was entrenched in new product launches, innovation generation, and productivity initiatives and lost focus on its own employee training and development. Following last year’s engagement survey results, the Engineering Leadership team partnered with HR to assess employees’ training and development needs and roll out a series of Engineering Fundamentals as well as lunch-and-learn training programs.

- **Reward customer-centric behaviors, both formally and informally.** Giving employees a customer-focused metric in their goals, as long as it’s specific enough that they feel control over it, is a good way to engage them in improving experiences. Last year, Pitney Bowes instituted a new satisfaction metric for all employees. It found that having this metric changed employee behavior and improved satisfaction scores. Pitney Bowes also awards gift certificates to employees recognized by name in favorable survey responses or feedback.
RECOMMENDATIONS

HOW TO START IMPROVING EMPLOYEE ENGAGEMENT

CX teams can play a critical role in employee engagement initiatives. To start engaging employees in delivering better customer experiences, CX professionals must:

- **Make the business case for employee engagement.** Culture change requires a commitment of both time and money. To secure that commitment, customer experience professionals need to prove that employee engagement programs are worth it. Fortunately, even modestly successful employee engagement initiatives pay for themselves with reductions in turnover, absenteeism, and "presenteeism." To build a business case that proves this for your firm, model the downstream impact of your engagement initiatives. Start by identifying linkages and correlations among your business results, customer experience metrics, and employee engagement metrics. BMO went so far as to hire someone in its HR group whose primary responsibility is to strengthen the business case by better tying together employee engagement metrics, customer metrics, and business metrics.

- **Turn to outside experts for help crafting engagement training programs.** Well-intentioned but naive attempts to create training programs can easily go wrong, especially when it comes to programs aimed at changing behaviors. Companies like Root and the Disney Institute have proven expertise at helping companies create training programs to engage employees in delivering the customer experience. Use tools like Root's Strategic Learning Map modules to facilitate training and help employees understand how what they do contributes to the overall experience.

- **Uncover root causes of employee engagement issues by employing CX principles.** Many of the tools and techniques currently used by customer experience professionals can be deployed to improve employee engagement. For example, Ingersoll-Rand conducted employee focus groups and in-depth interviews as a follow-up to its regular employee engagement survey. Its goal was to pair the detailed insights from qualitative research with the statistically valid data from the survey to develop a better understanding of the root causes behind some employee engagement issues.
SUPPLEMENTAL MATERIAL

Companies Interviewed For This Report

- Allianz Life Insurance
- Blue Cross Blue Shield of Michigan
- BMO
- CIBC
- Cleveland Clinic
- easyJet
- FedEx
- Ferrazzi Greenlight
- Ingersoll-Rand
- Penske System
- Pitney Bowes
- Rogers Communications
- Root
- RoundPegg
- Walker Information

ENDNOTES


6. And the results indicate that their efforts are paying off. Overall patient satisfaction has improved from the 55th percentile among US hospitals to the 92nd percentile in the past five years. Employee engagement scores also improved significantly in that time frame.

7. And BCBSM was recently recognized with the Customer Experience Professional Association's (CXPA) Innovation Awards and with one of Forrester’s Outside In Awards for customer experience excellence in the customer understanding discipline.
“Presenteeism” is a neologism measuring lost productivity for employees who are at work but not working for a variety of reasons.

There are many consulting firms that help companies measure and improve employee engagement. Survey providers like Kenexa, Towers Watson, Gallup, and Bain also provide consulting services. Ferrazzi Greenlight is another consultant that has worked with a number of companies to improve employee engagement.
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« CARL ERICKSON, client persona representing Customer Experience Professionals