

A close-up photograph of a young woman with dark hair, smiling broadly. She is holding her hands up to her cheeks, framing her face. The background is blurred, suggesting an office or indoor setting.

White Paper

“Highly engaged business units realize a 41% reduction in absenteeism and a 17% increase in productivity.”¹

mcorpcx

Do Happier Employees Really Help Create Happier Customers?

Learn how employee experience directly impacts customer engagement...and your bottom line.

Overview: Companies can meet the demands of today's customers by making improvements from within first

Getting better insights into employee experiences at each touchpoint

Key Takeaways:

1. Today's digitally enabled customers have more choices and less loyalty than ever—and it's harder to keep a customer happy than it used to be.
2. Companies with highly engaged employees massively outperform the competition, making their customers far happier than those with less engaged employees.
3. The better your employee experience is, the more engaged your employees will be.
4. The process for improving employee experience is similar to the process for improving customer experience.

With revenue as a driver, most companies focus on their customers. After all, it's hard to find someone who disagrees that happy customers are vital to business success, and today's customers have little tolerance for error. They are ready and able to spread a bad word or walk away as soon as things go wrong. But being successful today, takes more than being nice to your customers; it requires understanding the experiences your customers expect, and flawlessly delivering to keep customers loyal to your brand.

The reality is that customer experience doesn't just happen in your store, online, or on a customer service call. It happens every single time (and place) your company touches your customers—from the ways you talk about your brand to the personal interactions that show customers what you *really* stand for. A deep understanding of these interactions and how they align to customer expectations is a crucial step to delivering a consistently great experience—increasing positive brand awareness, customer retention, and boosting profitability as a result.

But the foundation of customer experience—your people—is what makes everything else possible. To get employee buy-in to delivering these experiences, we've found that companies first need to improve employee experience. The correlation between great employee experience and great customer experience is high.

In this whitepaper, we'll show you how to identify and close any gaps that exist in your *employee* experience—so you can create a culture of “delight” that makes everyone (including your shareholders and CFO) much happier indeed.

To create happy customers today, organizations must truly put their customers at the center of their business.

What Does it Take to Create a “Happy Customer” in Today’s Marketplace?

Customers today are smarter than they used to be. These smartphone-wielding, digitally enabled customers (look in the mirror to see one) are more informed, empowered, demanding, and self-directed. And they’re choosing to do business with smart companies who are willing and able to meet their radically increased expectations of service and experience.

As the world becomes more interconnected, customers use digital devices (think phones, tablets, and wearables like Fitbit and Microsoft’s HoloLens) to check prices, read reviews, compare service agreements, and check in with friends (and strangers) just as they examine your offers and products in real time.

Social media comments, peer opinions, your competitors, and an array of other sources of information—both accurate and inaccurate, under your control and controlled by others—influence customer perceptions of your company.

The truth is, the sheer volume of information freely available to nearly anyone at anytime today is unprecedented, and only a fraction of businesses have come to terms with this change.



Your customers’ expectations have changed radically

As noted in the best-selling book *Smart Customers, Stupid Companies* (co-authored by McorpCX President Michael Hinshaw), “Customers can now be incredibly insightful because they have immense computing power at their fingertips, and can immerse themselves in this data in dozens of different ways.”²

Digital tools deliver better information and more choices, providing individual customers with more advanced decision-making power than many commercial organizations had only five years ago. Imagine where we will be five years from now.

With the power firmly in the hands of the customer, companies are scrambling to catch up. It’s no longer enough to offer service with a smile and leave it at that. You have to be as smart as the customers you wish to serve.

It takes more to create a happy customer today than it used to

To create a happy customer today, organizations must truly become “customer-centric”—putting customers at the center of their business, willing and able to deliver the experiences their customers expect across all channels, at all touchpoints, and at all times.

From the front-facing sales team that answers the phone to the legal documents customers sign, every touchpoint along the customer’s journey needs to align to their desired experience.

Your employees are on the front lines of this new battle. But have you prepared them to deliver the experience that will keep your customers loyal?

Customer and Employee Experience—Two Sides of the Same Coin

One of the first steps toward improving customer experience is to realize the connection between customer and employee experience. Your employees play a vitally important role in meeting the needs of today's smart customers.

Employees are the ones who breathe life into your company, drive innovation, and move your organization forward. When employees are engaged with your company, and feel their expectations are being met, they are a key driving force behind the happiness—and the loyalty—of your customers.

Consider this: If an employee's experience with your company isn't great, or their impression of your company or your brand is negative or inaccurate, how can they truly be engaged in your company's success—or the success of your customers? And who suffers for disconnects like this? Everyone, really. Especially the customer.

Experience lives in the minds of your people and your customers

The thing about customer and employee experience is this: It lives entirely in the minds of your customers and your employees. If they think it stinks—it does. If they think you don't care—that's reality. Simply put, they won't be happy until they feel their expectations are being met.

Whether on the front lines in sales or customer service, or working in a warehouse placing labels on shipping cartons, these days every employee has a role to play in creating happy customers, just as every company has a responsibility to create happy employees.

After all, employees are smart customers too. Just as an unhappy customer will walk away, disengaged employees will walk away too. Or worse, they'll stick around and spread their bad attitude.

Companies that realize this have a two-pronged strategy to drive customer and employee happiness: first, help employees better understand the customer, and second, create a better, more engaging employee experience in the process. This is the foundation for a business that ultimately benefits customers and boosts profits along the way.



Better Employee Experience Drives Happier, More Engaged Employees.

Employee engagement drives better customer experience and boosts profit. It increases productivity, reduces operating costs, and is a key link to greater customer satisfaction, brand reputation, and overall enterprise value.

If this sounds like a claim that's "too big to be true," it's not. The benefits for organizations with highly engaged employees are massive, with the potential to reduce staff turnover by 59% and increase productivity by as much as 17%.¹

It is not surprising that these happier, more engaged employees also bring improved customer outcomes. In fact, the same Gallup study notes that engaged employees earn 10% higher ratings from their customers. Higher rating ultimately bring a 20% increase in sales to their workplaces.

Unfortunately, few companies do what it takes to engage employees at this level. This same study³ found that 70% of U.S. employees are either actively disengaged or not engaged at work, which results in a lot of missed opportunity.

Although multiple studies show that employee engagement is a key driver of customer experience, measuring and improving employee experience often takes a back seat to other initiatives. But even the least warm and fuzzy executives positively glow when they see the business metrics that increased employee engagement can drive.

To put it simply:

1. Better employee experience leads to happier employees.
2. Happier employees are more engaged and more loyal to a company.
3. Engaged employees are more productive, doing their jobs more efficiently and with a greater focus on meeting customers' wants and needs.
4. Customers who have their wants and needs better met enjoy a better overall experience, becoming happier and more loyal themselves.
5. Delighted customers and employees stay for a longer period of time, at a lower cost, creating greater business value.



To Improve Employee Experience, You Need to Understand It

To create a culture that supports employee engagement, companies need to look at their employees' experience in much the same way that they look at their customers' experience. Thinking of your employees as internal customers can help with this mindset.

But before you start, you (or your leadership) need to ask an important question: "What (exactly) are we trying to accomplish?" It seems like a simple question, but it often is not.

Making a commitment to see your organization through the eyes of your employees will likely surface insights that challenge the status quo and reveal gaps that can no longer be ignored. Most importantly, you'll set expectations with employees that you must be prepared to fulfill. Because if you're not prepared to really listen to what your people have to say—or to act on what you hear and learn—then don't bother.

As management guru Peter Drucker famously said, "What gets measured gets managed."^{4s} Employee experience is no different.

No matter where or how you start, embracing employee experience improvement starts by accepting that you don't define employee experience. Your employees define it. Just as you would evaluate the happiness of external customers, you have to obtain a deeper understanding of what matters most to your "internal customers," i.e. your employees.

You need to understand and measure their current experiences, what an "ideal" experience is, employee wants and needs at different stages of their lifecycle and across different journeys, and how well their expectations are (or aren't) met, and why.

This is the heart of the discipline of "voice of the employee" listening that supports *all* successful employee engagement and experience improvement initiatives.

Improving Employee Experience Isn't just an Art, It's Also a Science

Improving employee experience through “voice of the employee” data is about far more than an annual culture survey or simple measures of satisfaction or loyalty. It needs to be driven by solutions that deliver real, actionable insights to help you understand how to improve employee engagement—and how that drives customer experience—across your business.

Whatever approach you take has to help you understand what makes your employees tick. Additional layers of employee insights give you leverage to boost engagement while making smarter investments. Then you can overlay research data to develop an employee-centric understanding of your customer experiences, to help your organization increase long-term customer loyalty and revenues.

The right approach enables decision-makers to actually learn how employees experience a company across the employee relationship lifecycle, from recruitment to hire to onboarding and so on. And it shows first-hand which policies, perceptions, and interactions impact engagement or create dissatisfaction.

In addition to understanding the value of listening to employees, and what you actually do with the data, some of the questions an McorpCX engagement can answer include:

- What do employees think about our brand?
- Do they know what we really stand for?
- How loyal are they?
- Which “journeys” most impact employee engagement?
- Are there disconnects between employee and customer perspectives?
- What touchpoints best meet employee needs by type and channel?

Knowing the questions to ask, and how to ask them, gives you the honest answers you need to link employee and customer experience, and which dials to turn to improve them both.

By getting these answers, you will begin to identify gaps between company goals and employee goals and interests. It's important to remember that gaps can turn into obstacles, which are not always the fault of an employee. Lack of resources, insufficient training, or inadequate processes can hinder a great employee experience.

That's why the right approach to employee experience improvement helps identify obstacles and shows where to make appropriate changes to close gaps.

McorpCX has a proven way to deliver more predictable outcomes based on relevant insights. Together, we gather employee input on how to better serve employees and customers. By connecting customer engagement and employee engagement, you'll see where to invest—whether people, systems, or training—to drive maximum value and customer loyalty.



A happy employees' case study: Understanding employee engagement, and enjoying the results of increasing it.

A fast-growing, multi-national insurance company had acquired several business units around the globe. Despite strong revenue growth and growing shareholder value, their HR Director knew that behind the scenes, her people struggled to keep up with the pace—from new systems and changing customer demands to integration challenges—as they expanded into new markets and regions. Confirming her fears, employee satisfaction was at an all-time low as measured by their annual culture survey.

The culture survey identified an issue—but not a solution

In a highly competitive business-to-business market and with some customers already expressing concern about service in the face of changes in the company, she recognized that this disconnect posed a huge risk to her company's future success.

And while the culture survey identified that a problem existed, it didn't tell her how to address it. She also knew that the rest of the executive leadership team was metrics-driven, and that she needed defensible data to influence other decision-makers when she presented a plan.

Driven by a desire to understand the employee experience—and to learn where employee needs were and weren't being met—she turned to McorpCX. Working together, we talked to employees to understand their expectations and learn what they felt the greatest issues and opportunities were.

Company-wide, cross-role research gave us the data we needed to understand exactly where problems occurred, and which groups had the greatest gaps.



Identifying the drivers of employee dissatisfaction and loyalty

As a result, our client was able to quantify where the areas of greatest pain existed, which employee groups were most and least engaged, and the specific aspects of the employee experience that most drove employee dissatisfaction. From a lack of a clearly defined vision to a “meeting culture” that many employees felt didn't respect everyone's time, common themes emerged, as well as a series of specific interactions—such as an inability to understand other employees' roles and responsibilities across the company—that had caused problems around the globe.

Proof for—and support from—a numbers-driven executive team

Presented with the findings, a typically skeptical executive leadership team embraced the results and supported a series of initiatives to better articulate the brand, support cross-divisional employee interactions and knowledge sharing, and better empower employees to deliver the customer experiences they knew customers wanted.

Improving employee journeys and driving greater engagement, one touchpoint at a time

From a re-architected intranet, to a robust internal knowledge base, and the implementation of a common informal rewards program (weekly recognition of customer service standouts on the home page of the new intranet), employee experience and satisfaction were dramatically improved.

The long-term results included greater employee engagement, smoother onboarding of acquisitions, and a significantly increased cross-sale of products and services.

In other words, a better employee experience led directly to more engaged employees, increased productivity, and greater revenue.

Your employees need to understand the expectations your brand promise sets—both for them, and for your customers.

Are There Gaps in Your Employees Perception of Your Customer Experience?

The correlation between employee experience and happy customers is far more than a feel good philosophy. On the contrary, there is a very simple and important benefit that will come to a company who accomplishes this effectively:

Profit.

Those numbers are impressive, but how does better employee engagement turn into improvements to the bottom line? We view this as a simple equation:

Happy employees = happy customers = higher profits.

But to most effectively drive bottom line results, you need to help your happy, highly engaged employees understand how to help the company get there.

After all, if your employees aren't aware of the experience that needs to be delivered to customers, they (and you) are set up for failure. According to a recent survey by Achievers Solutions,⁵ “a whopping 61% of employees don't know their company's mission.” That includes the mission for customer experience.

Another essential step in turning employee happiness into business gain is to help your employees understand the experiences you want them to deliver. Specifically, for your employees to deliver on the customer experiences your brand promises, the need to understand exactly what that promise is, and the expectations it sets—both for them, and for your customers. It's all about alignment.

Here are a few questions you can ask, to help you understand if any obvious gaps might exist:

- Does your company have a clearly articulated mission statement, core values, and brand promise?
- Have you documented specific behaviors that every employee is responsible for doing to maintain your brand image?
- Have you integrated these behaviors into employee touchpoints like hiring and performance evaluations?
- Is there a shared understanding of who your most valuable customers are and how to meet their needs?
- Do employees understand common needs that all your customers have, as well as the unique needs of each major segment?
- Is your customer data integrated and easily accessible across your organization, or is it stuck in silos?
- Can your employees explain what your brand promises a customer?
- Do they understand how your brand is different/better than your competitors?
- Do they know the important touchpoints where customers interact with your brand?

Answering these questions—and thinking about how to bridge any gaps they bring to light—can help you make substantial, rapid improvements. Because when your employees understand the customer journey, and their role in it, they begin to identify ways to improve it.

For example, a customer experience team in a health insurance company can partner with claims employees to understand and improve the process for benefits notifications. By working together with a clear understanding of the desired overall experience, specific touchpoints can be improved.

A strategy of simplification might help employees see areas of opportunity for process improvement, thereby reducing the number of calls to the call center, and better meeting customer expectations.

This simple collaboration can show behind the scenes claims employees how their input can make a difference in touching the lives of customers. When employees see the company through the eyes of the customers, and see how they affect the customer, employees can feel empowered and committed to take action to alleviate obstacles and solve problems to create better customer experiences.

The result? Happier, more engaged employees creating happier, more loyal customers. If a health insurance company can create business value by improving a denial of claims letter, we guarantee you can do so in your company too!

How might McorpCX help you?

To learn how we can help you better understand and connect with your customers, visit www.mcorp.cx or call 1-866-526-2655.

In conclusion

The experience your employees have with your company and the engagement that does or does not result, has massive implications on the long-term success of your business.

Just as customers evaluate their experience at every point of interaction with your organization, your employees do as well. Their experience impacts their desire to stay, their willingness to engage, and their ability to deliver the experiences your increasingly smart customers demand.

Make no mistake—the value of an engaged workforce is huge: from over 20 percent increases in profitability and productivity for companies with the most engaged employees, to greater employee retention and less turnover.

And building a compelling business case for increased employee engagement is well within the capabilities of even a neophyte Excel jockey.

If you're even considering improvements in customer experience, understanding employee experience is a critical step on that road. The good news is that improving employee experience isn't some dark art, and it doesn't *have* to be a huge culture-driven, change-management initiative.

Understanding is the first step towards improvement—and that understanding is relatively easy to get, when working with an employee experience expert like McorpCX.

Endnotes

¹ <https://www.gallup.com/workplace/236366/right-culture-not-employee-satisfaction.aspx>

² <http://smartcustomers.com/>

³ <https://www.gallup.com/workplace/238079/state-global-workplace-2017.aspx#formheader>

⁴ Drucker, Peter F., "The Practice of Management", 1954. ISBN 0-06-011095-3

⁵ <https://www.achievers.com/blog/the-current-state-of-employee-engagement-and-how-to-make-it-better/>

McorpCX is a leading customer experience services company delivering consulting and technology solutions to customer-centric organizations since 2002.

Our practical approach has led to measurable growth, deeper engagement, and better business outcomes for fast-growth market leaders and the Fortune 100, including Microsoft, lululemon, T. Rowe Price, and Blue Shield of California.

Whether your organization is just beginning its customer experience journey or is well down the experience transformation path, we are experts at driving customer experience transformation in an increasingly connected world.

Seven ways to help you make happier employees.

Improving employee experience starts with setting the right expectations, and being prepared to act on what you learn. It also means following a proven approach—and recognizing that you need to know where you're going, and how you're going to get there.

McorpCX can help you:

1. Identify key touchpoints and brand attributes across the employee relationship lifecycle
2. Evaluate the current employee experience, and measure employee's perception of the customer experience
3. Determine gaps between desired and actual experiences and brand perceptions
4. Identify those that are most important to your most engaged employees
5. Develop a plan for prioritizing needed improvements, and close any gaps
6. Communicate key insights and actions to employees, and enlist their help
7. Continue to measure and monitor the employee experience to assess improvements and ensure ongoing alignment across all internal and external audiences

You can improve employee experience by understanding and better delivering on the touchpoints and brand attributes that drive engagement, by identifying and closing any gaps that a lack of alignment might reveal.

As a result, you'll be creating deeper engagement with a positive, productive (and happy) workforce to deliver consistently delightful experiences to your (happy) customers.

McorpCX

1-866-526-2655

www.mcorp.cx



McorpCX is a leading customer experience services company. For more than a decade, our blend of strategic thinking and design innovation has helped companies—from fast-growth market leaders to the Fortune 100—transform products, services, customer experiences, and internal processes in exciting and profitable ways.