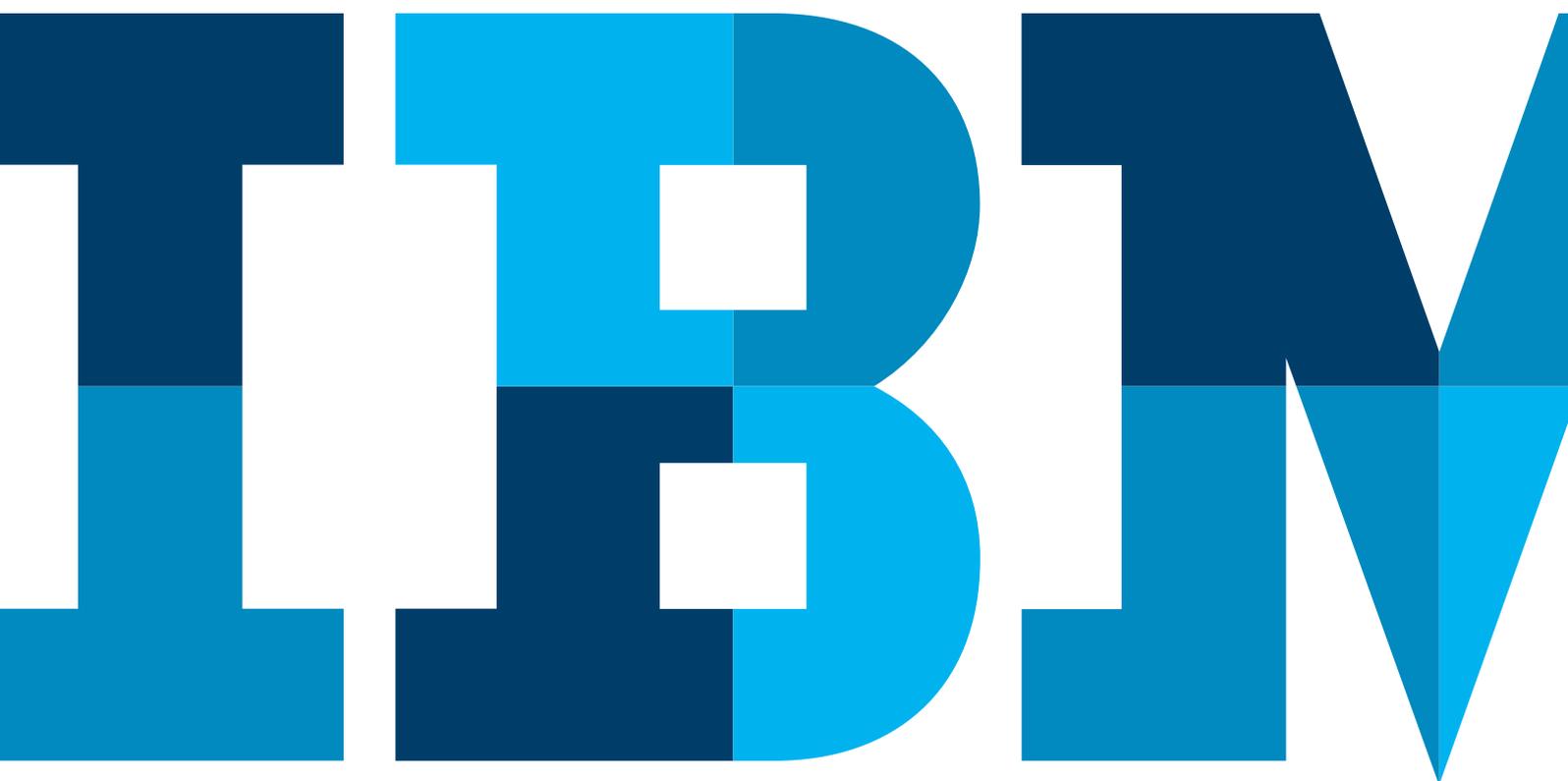


Employee feedback is the new customer research.

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Executive Summary

To succeed in a service economy, businesses must listen to their customers, yet customers may not always be the optimal source of information about the factors that create good or bad experiences. Customers have a lot of influence with little knowledge, while employees have little influence with a lot of knowledge. By evolving traditional employee surveys into employee voice programs, companies can better solve customer issues and increase customer loyalty.

Can today's business needs be addressed with a single mechanism? A single system that collects and integrates anonymous and structured data such as traditional surveys and also dynamic data and agile responses similar to social media? The answer is yes; this is what IBM® Kenexa is building. This is the Employee Voice survey platform.

Everyone works for a customer

Today, most people work in a service job. Whether it's called a customer, consumer, client, student, patient or citizen, the majority of jobs involve a relationship between a service provider and these individuals.

In a service economy, everyone works for a customer. This is true for everybody, not just customer-facing employees.

- Executives recognise that customers shape their businesses. More than half of C-suite leaders say that customers now have a considerable influence on their enterprises
- Specifically, chief executive officers (CEOs) see customers as the second-most important influencer of strategy more important than their Board or their corporate strategy function
- Chief marketing officers (CMOs) want to integrate different channels and use analytics to better understand their customers and deploy social technologies to better serve them
- Close to 40 percent of chief human resource officers (CHROs) want to be personally involved in the customer experience¹.

Globally, economies are evolving toward a larger share of service-providing jobs. Service is already the dominant sector and it is forecasted that most new jobs will be in service².

The savvy customer

Ask any service provider these days and they will all agree on one thing: customers are becoming more knowledgeable.

- They can learn about your services online, see how you scored compared to your competitors for almost any purchase or decision
- A variety of surveys show that customers largely trust online reviews, enough to influence their purchasing decisions³
- Now everyone with a smartphone or a desktop can learn the fundamentals of your business In Business-to-Business sales, the average buyer has completed over half of the purchase decision before meeting with your sales rep⁴. When Millennials enter in a store, 62 percent of them know what they will buy thanks to online research⁵.

Customers are becoming more vocal as well.

- Teachers, doctors, retail stores, government agencies, restaurants, banks the tribunal of public opinion ruthlessly judges everyone. A third of Internet users said that they posted comments online⁶. Every minute, 26,380 reviews are posted on Yelp, a popular crowd-sourced reviews website about local businesses⁷
- Social is now the primary use of the internet⁸. With three-quarters of online adults using a social networking site, brands and businesses are more exposed than ever⁹. As a chief information officer (CIO) of a client mentioned: *'As customers gain more power over the business via social media, their expectations keep rising and their tolerance keeps decreasing.'*¹⁰

If the customer is king, why don't we listen to his court?

Are you succeeding in this service economy? There might be an interesting pattern of self-deception at play here.

- When we ask employees around the world if their company has a strong emphasis on customer service, or if they are committed to providing high-quality products and services to customers, about 85 percent of employees overall agree
- In theory, everybody's priorities are in the right place. But when we ask about recognised practices that drive customer centricity, the story is different. Support from other departments, procedures, training, empowerment and recognition aligned with the customer's interest are not necessarily a given. Commitment to the customer and the execution of that commitment do not always align (see table 1).

Customer centricity – execution	
Other departments give our department the support we need to serve our customers.	59%
Processes and procedures allow me to effectively meet my customers' needs.	64%
Where I work, colleagues are getting the training and development needed to keep up with customer demands.	66%
I am empowered to make decisions to best serve the customer.	71%
Where I work, employees are recognised for delivering outstanding customer service.	72%
Customer centricity – intent	
My function/department/store makes customer satisfaction (internal/external) a top priority.	89%
As a company we are committed to providing high-quality products and services to our customers.	85%
My function/department/store consistently provides excellent customer service.	85%
There is a strong emphasis on customer service in this company.	84%

Table 1. Customer centricity attitudes (Source: IBM World norm database, 15M people surveyed in the last three years)

Other results indicate that businesses of all type struggle with their customer experience.

- In research on Millennials, when we were trying to understand differences between generations, an 'uncomfortable truth' surfaced: most employees, irrespective of age, think their organisation provides a poor customer experience
- While employees see their leaders and companies as committed to high quality products and services, the actual execution of that commitment does not always result in the expected customer experience¹¹
- Customer Experience (CX) professionals agree: only 25 percent of them believe that CX programs in their organisation actually improve customer experience¹².

Hence the question: If we live in the age of the customer, if the customer is king, why don't we spend more time engaging with his court?

The problem with current feedback mechanisms

Both customer and employee feedback mechanisms have their problems.

- Customer feedback can provide valuable information about their behaviour, loyalty and satisfaction with your brand. Customers see frontline employees and how they behave, they recognise great service or complain about bad service, but they don't have access to what is happening behind the scenes
- Employee feedback often takes the form of an annual employee survey. Once a year (and sometimes even less frequently), employees fill out a survey with over 50 questions on average. Topics range from engagement to career opportunity to recognition to business strategy. This information is valuable, but the feedback loop is too slow, too infrequent and not centred on the customer
- Frontline employees often times the largest group of employees in many service organisations have a unique point of view: they see what customers like and dislike and they understand the mechanisms that support these experiences.

In short, the issue with current feedback mechanisms is that customers have a lot of influence with little knowledge, while employees have little influence with a lot of knowledge.

With the evolution of employee expectations and the need to capture actionable information from employee, organisations are now taking more active approaches to solicit, analyse and engage in an ongoing conversation with employees. We call that employee voice. The strategy consists in expanding the range of listening mechanisms: just like a swiss knife, new approach to surveying allow for multiple 'tools': a yearly census, a pulse (few questions), a quick poll, etc., as required.

Employee voice, or how to engage with a purpose

Traditional annual employee surveys operate like Santa Claus.

- Once a year, 'tis the season: the word goes out, sometimes contests are announced and everybody awaits the event. The survey receives a lot of attention and everybody is at his or her best
- Sometimes employee activities are strategically organised before the survey. There is excitement around the event, yet after that, there is not much room for formal employee feedback until next year.

When thinking about feedback mechanisms, we would like to invoke another popular culture figure: Jiminy Cricket. As Pinocchio said, Jiminy Cricket is the conscience, the voice that is always there, that 'tells me what's right and wrong.' This type of feedback is 'the voice that is always there,' as opposed to a once-a-year event.

- Rather than a yearly annual survey on every possible topic, identify a few pieces of information that will drive your business forward and collect this information throughout the year to react when needed
- Note that this does not eliminate annual employee surveys, but rather provide a more varied set of approaches to better understand employees when we need their input
- If you are in the service industry, you need to ask your employees a few questions about drivers of customer engagement on a regular basis. They know the customer, their desires, their issues, and they understand the organisation that serves them.

Think of all the levels of customer knowledge that employees can share with your business:

- **Customer experience:** Employees who see customers everyday can see how they react to specific events or changes
- **Policies:** Employees see the direct impact of explicit policies and procedures on customers and probably get their fair share of unsolicited feedback from customers
- **Operations:** Employees often deal with many different groups within the business, they understand how logistics, marketing, sales, finance, management, R&D, etc. all cooperate or fail to cooperate in order to support their work
- **Talent practices:** Employees have ground-level insight on whether employee selection, promotion, development and performance management foster a customer-centric culture
- **Systems:** Employees can comment on whether IT systems help or hinder productivity.

Don't you want to know more about what they see? And don't you want to keep an eye on these indicators regularly? Together, these different data points can help organisations understand the systemic causes of customer issues, as well as the mechanisms that create great customer experiences.

- By fielding short, frequent and targeted surveys for your frontline employees, leaders can get a better understanding of employee-customer dynamics along with a clearer take on what kind of improvements can create better customer experiences
- These surveys can be planned, ad hoc, or conditional to certain situations. They can use traditional close-ended questions or open-ended ones to really understand what employees know and see.

Using this frequent-feedback approach does not mean that the annual survey needs to go away, but it definitively provides an opportunity to revisit the feedback strategy.

- Some questions are useful once a year. Measures of engagement toward the organisation (pride, satisfaction, advocacy, commitment) provide a generally stable view of employee attitudes and can predict retention and

productivity. Typical drivers of engagement such as recognition, communication, future vision, trust, belonging, growth & development help managers create longer-term action plans to improve engagement

- Other questions will be useful more regularly, especially when they refer to situations rather than attitudes. An attitude is a person's mental state, his/her belief and perception. A situation refers to certain conditions that are observed in the workplace. Asking about the company strategy and its future vision measures an attitude. Asking if senior leaders in my business shared an update about the strategy measures a situation.

What people think (internal factors) influence what happens in the workplace (external factors). In order to change attitudes (internal factors), we need to change situations that occur in the workplace (external factors).

- External factors shift and change. For example: the question 'Do you think your manager is an outstanding leader?', this measures an attitude. Attitudes are less likely to fluctuate. However, if an employee is asked to answer the question 'your manager provided you feedback on performance in the last three months,' clearly the answer will depend on the employee's interactions with the manager. This is an external factor that shifts and changes. It makes sense, then, to monitor changing factors more regularly
- Employee attitudes about the customer can be usefully measured once or twice a year. After all, there are many customer/employee touchpoints every day each one is an opportunity to learn. For example, are customer problems dealt with quickly? Do we reward employees for their impact on customers? Are we good at identifying customer needs? Are we proactive? Are we using customer feedback to change our process? Do we collaborate to solve customer issues?
- Employee observations about specific customer situations can be measured as those situations arise and can provide helpful feedback that is very targeted to the situation and related business results. For example: Are customers happy with the new store display (retail)? What is the most common frustration with billing (professional services)? Which technology triggers customer curiosity (IT)? Is the new menu simpler (restaurant)?

How IBM can help.

If you want your employee feedback mechanism to be more like Jiminy Cricket and less like Santa Claus, ask IBM.

To capture and analyse frequent employee observations, a solid infrastructure is required. With a 100-year commitment to innovation and our evolving technology, IBM can help forward-thinking organisations develop and implement an Employee Voice program.

- Dynamic organisational mapping helps our clients update their current org structure in real time. This supports accurate results with the organisational hierarchy. The right people get invitations and the right people are included in the reports
- Self-service capabilities allow clients to trigger their own survey at their will in a matter of minutes. Super-users can create surveys for certain parts of the organisation
- Content libraries provide a valid question set that truly measures drivers of engagement and performance. These questions also allow for trending over time and internal comparison. IBM Kenexa content is based on more than two decades of experience in developing organisational surveys and ongoing research in the science of workforce behaviour
- Simplified online and mobile manager dashboards make action priorities easy to identify. Users make simple and intuitive selections to see key trends and recommendations based on analytics
- Social action planning makes a team approach to action planning possible. Groups can collectively develop improvements to their workplace. Users can view action plans based on most engaged groups or similar job families
- Cognitive analytics technology uses advanced learning algorithms, data exploration and predictive methods to quickly uncover insights to answer talent questions in real-time. Your HR specialists can use this technology to talk with their data, without the need for customised IT systems or expertise in deep analytics
- Text Analytics assists in mining open-ended comments to identify categories, themes and sentiment.

Combined with our expertise in Workforce Science, Talent Analytics and Organisational Psychology, IBM can be a strategic partner for your organisation's success.

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About the Author

As an Executive Advisor, Benoit Hardy-Vallée helps IBM clients to create 21st century organisations. Benoit consults with HR leaders to bring innovative practices, evidence-based techniques and workforce analytics in the workplace. As the practice lead and thought leader for IBM Smarter Workforce & Social Business Canada and Caribbean, he develops strategies for talent management, collaboration, leadership development, performance management and employee engagement that makes use of the best technology, science and analytics.

He is also an interdisciplinary scholar who edited books, published research articles and organised conferences that helped systematise the current knowledge on human decision making across various disciplines (philosophy, psychology, economics, neuroscience, biology). He studied in Montreal, Paris, Waterloo and Toronto. He obtained his Ph.D in Philosophy and cognitive science from the Ecole des Hautes Etudes en Science Sociales in Paris. In his Ph.D thesis and post-doctoral research, he studied how brains, minds and groups make economic decisions.

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