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Grow Your Business through Superior Customer Experiences: Deliver Superior Customer Experiences

Edited transcript of the September 8, 2005 broadcast of "Grow Your Business through Superior Customer Experiences: Deliver Superior Customer Experiences" from the AMA's Online Seminar Series, Presented by Maritz

(Melissa Hesmina)
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At this point, I would like to introduce today's speaker from Maritz. Dr. Randall Brandt is the Vice President of Customer Experience and Loyalty Research. Randy leads Maritz Research's customer experience and loyalty research efforts, and works with Maritz's other business units to help clients integrate research with performance improvement efforts. Prior to joining Maritz, Randy worked for Burke Incorporated as Senior Vice President of Customer Loyalty and Relationship Managements and Integration. He received a bachelor's degree in communications from Perdue University and a master's degree in communications form Indiana University. Randy also earned his doctorate in communications and psychology at Michigan State University.

We also have Rodger Stotz with us today. Rodger is a speaker, author and business consultant to major corporations. Rodger consults with companies and creates a positive change in the assessment and design of rewards systems and organization aligning. He represents a broad spectrum of industries, as well as manufacturing, defense, business products technology, package delivery, transportation, and automotive, to name a few. Rodger's efforts with the industry and professional associations help build Maritz's credibility and reputation, as well as provide industry expertise to internal groups. Rodger received his master's of science degree from Perdue University and a bachelor's degree from General Motors Institute. At this point, I would like to reintroduce Mr. Randy Brandt. Dr. Randy Brandt, excuse me.

(Dr. Brandt)
Okay. Thank you, Melissa. Let's go ahead and go right into the content, and give you a little bit of an idea of what we are going to do today. We are going to start out by recapping and reviewing the importance of customer experience. We will try to make a case for why it is, if not the most important, at least it is one of the key differentiators and potential drivers for competitive advantage and success. We will use that to create a setting that describes, ideally,

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what you would like to be doing, and we will compare that to what we typically see being done by companies in the marketplace. On the basis of that, we will try to make a case that the typical approach will not get you to the point where you can use customer experience as an advantage.

Instead, there is an approach that we will introduce and describe and will be an approach that will get you there. It basically turns on three steps: We call them understanding, enabling and motivating. We will describe and illustrate each one in detail. I will go through the understanding phase, and in particular detail, and then I will hand it over to my colleague, Rodger, who will take you through the enabling and motivating stages. We will pull that all together and give you a recap and summary of the key take-away points. Then from there we will make an effort to address any questions that you may have.

So, let's start with what we call the reality equation. Simply put, this is the way a company manages its brand reality by balancing the customers' actual experience against brand promises. We all know that the promises made in advertising, and by salespersons in other communications, and the things that customers and prospects hear through word of mouth, they all set expectations. The key is whether or not the company can deliver on those expectations or whether the reality falls short. We certainly know about firms and industries that are guilty about over promising. If they do too much of that, when the customer experience falls well short of the brand promise, then that brand reality is a negative one.

Then, on the other hand, if we can somehow ensure that our ability to deliver and make good on the brand promise is what comprises the essence of the customer experience, then we have the opportunity to create a very positive brand reality. In fact, there are some folks out there in press and in articles through publications like Harvard Business Review, that are suggesting your ability to address and leverage customer experience is not just the key to a positive brand reality, but, in fact, it may well be the new frontier for competitive advantages success.

Now, when we take a little bit closer look at what constitutes the customer experience and your ability to manage it, we have to talk about customer touch points. Companies basically address and interface and manage the experiences of customers through the points that you see here: a particular product, price, people and technology. It is safe to say if they are still in business, they are successful in achieving and maintaining levels of quality and value of their products. It is probably safe to say that most of them have to be competitive in their pricing. It is safe to say that they have to achieve at least some minimum effectiveness in using and controlling the quality of technology. In fact, in recent years, when you look at industries like banking or hotel and lodging, it is not unusual to see firms trying to compete very heavily in those three areas: product, price and technology. As a result, it is not surprising to see that there is a lot of parity there.

That is not true of every sector and of every industry, but increasingly there is more quality and consistency imparity in those three areas than in the fourth one that we have listed here, and that is people. This is probably the one area that the ability to maintain a uniform and consistent level or performance is most challenging. That is especially true of companies that operate through decentralized units and entities such as dealerships, stores, outlets, properties, franchises and other multiple outlets and locations. Clearly, the people side of the equation is also the one that offers challenges for maintaining quality because of variability in the skills and level of engagement, as well as variability in customer facing processes. So clearly, a firm that is going to be successful in leveraging customer experiences for competitive advantage also has to address the people side of the equation, and understand not only what customers want and how well they are delivering against those customer expectations and wants, but also how people can be managed and leveraged as part of that experience. That is the ideal.

I want to turn it over to Rodger for a second and just ask you, Rodger, what do you typically see in the marketplace today in terms of what companies are doing to try to understand and manage customer experiences?

(Rodger Stotz)
Great, Randy. Thanks for all that key up. Let's take a quick look at what we are seeing in the marketplace. There is some really good news and there is some opportunities that are offered to us. First of all, the good news is that many or most companies are measuring customer satisfaction. This has become a critical element of all organizational approaches, particularly those that are sensitive to the customer experiences. What we are seeing is that many of these are done at the corporate level. Some companies are going further and they determine what the customers value at the corporate level. They are really digging into what are those drivers of value at the corporate level. Even fewer are improvement plans based on this data. They are really taking this and making that data actionable and creating some kind of plan throughout the organization that can address those areas of opportunities. Unfortunately, many of these plans, though, do not get implemented. The difference between the plan and the execution is always the problem.

Then, finally, even fewer companies go the next step to link employee incentives and measures and involvement to those improvement plans that really then act at that frontline level to impact profitability. So, if we look at that as a typical scenario, the bottom line is that in today's competitive marketplace, that the stand-alone customer experience programs will not drive the growth that we need to succeed. By themselves, we have to do a better job in terms of looking how we drive them down through the organization.

So, the question that comes up is "What can we do? What can we do to address this situation?" Well, what we have found is the real leaders in this space are looking at first understanding what are those drivers of customer value. They really dig into the customer experience: what the customers want, need and expect. Then they look at understanding how their units throughout the organization deliver on that. Then finally, how do the employees, the frontline, and second line employees really impact this deliver. What customer experience leaders are doing is acting on it. They are not just finding it out. They are acting on it and developing real definitive improvement plans. Once those plans are put in place, they are monitoring that improvement and looking at whether they are achieving what is needed or do they need to course correct.

They are looking at, also, tying in motivation, so that they are motivating employee behavior with incentives and recognition that is tied to those improvement plans, which are tied to that customer experience, which allows them to stay focused. They really have this commitment to address this from all levels of leadership. So what it really talks about is this integrated approach. I think this is where the real power comes from: of taking and looking at the understanding, the enabling and the motivating, all wrapped into an integrated systemic approach to develop an integrated aligned approach to get that customer experience.

So we will be spending quite a bit of time, now, going through the various three areas of "understand," "enable" and "motivate." So rather than spend time now, let me go through those with Randy in some detail. But first, we would like to see the value of this approach. Two key areas. First, increase customer satisfaction, which comes in the form of customer retention, a higher average revenue per customer and increased referrals. In other words, really driving that customer experience through to the customer and having the customers respond in a very positive way. But secondarily, we are also looking and seeing increased employee engaged; increasing employee satisfaction because they are involved. They are getting data that they can act upon, rather than get data that just punishes them. As a result they improve their performance. They improve the customer satisfaction through that process as to how it relates to the employees. It also gives them a greater connection to the organization and to their work, so it reduces their turnover, which is critical particularly when we are talking about the realm of retail outlets, financial services outlets and so forth, where employee turnover can be a real issue.

So Randy, let me turn it back to you and take us through a high level overview of this process.

(Dr. Brandt)
Okay. To Rodger's closing point regarding the value, there were really two main benefits of using an approach that is based on integrating "understand," "enabling"

and "motivating." That is increased customer satisfaction and retention in the business benefits that occurs from that; and secondly, increased employee engagement, which also drives business results both directly in terms of productivity and retention versus turnover, as well indirectly through the customer experience. Not surprisingly, when we tried to understand and describe this process in greater detail, you would see it starts with unit level, voice to the customer research, and voice of the employer research. The understanding phase starts by spending a great deal of time listening to and trying to understand the key drivers of customer satisfaction and loyalty, as well as the key drivers of employee engagement, that are related to driving customer experience satisfaction, value and loyalty. So what we do is conduct research with customers and employees. We pull it together through an integrative analysis process that begins to help us understand how the drivers of the employee engagement impact relative drivers and opportunities with customers. In fact, that process ultimately enables us to identify top opportunities with each of the units. That is the point at which we essentially set the agenda for action.

What happens next, then, is that we kick off a continual improvement process, whereby these action items are going to be addressed through two methods of improvement. One is our action plans that are developed by a unit-by-unit basis. So for example, say we are dealing with a banking organization. We have identified that teller wait time is an action item in this particular area. Well, because of the varying characteristics of banks, the locations, the facilities and the staff that is available to work, it may be that some of the improvement plans and ways of addressing that customer-driven issue has to be developed on a unit-by-unit basis. Rodger, a little later in the program, will go into the process that we used to do that unit-by-unit action plan and implementation.

The other approach is to develop action plans based on what we call segmented best practices. Simply put, that is trying to take advantage of the very best and most effective practices that have proven successful for some units, and essentially to deploy and share them with other units. Again, in both cases, these are facilitated processes, meaning that you have an independent facilitator who is working with the unit level teams to develop a customized, and if you will, a more general improvement plan that is based on segmented best practices. The idea is to develop and implement these, and then you will notice that as part of the enabling phase, we will get down to monitoring results. It is necessary to take action to course correct in midstream.

The other thing that happens in this process is, of course, motivation. The top opportunities not only create the agenda items or the action items for the enabling phase, but they also become the focus to both unit-specific end corporate goal and goal setting. The idea here is "Let's identify the areas in which we want to focus employee and unit level action, but set goals for those actions. Let's reward people who are making progress in achieving these goals. Let's use that reward and recognition or motivation system to stimulate employee awareness and excitement. Let's make sure we are rewarding improvement of any kind, and particularly recognizing the top performers who, in many cases, are the ones that are responsible for helping us identify the employees' best practices." So that is, in a nutshell, how the process works.

Now, I am going to spend a little more time talking in detail about the first of the three phases of this process, which we call "understand." We sort of give both customer and employee research the goal of the unit level. Customer research is very simply to understand the unique needs of customers who do business with that unit, so that we can identify the areas that are most likely to improve those customer experiences and particularly identify, of those areas, those that represent the top opportunities. We do that by asking questions like, "What drives customer satisfaction and loyalty. How well is the unit performing in this area? When we put that information together, which area is often the greatest opportunity?"

We do something similar with employees, but here the goal is to understand the relevance of employee engagement to customer experience, so that employee engagement can be part of the plan for improving the customer experience. Again, we do this by asking questions like, "What are the drivers of employee engagement? How well is the unit doing in terms of performing in these areas? And which ones, in particular, are customer experience levers? In other words, which ones are directly instrumental in impacting the key drivers of customer satisfaction and experience, especially those that have been identified as top opportunities for action.

So when we do the customer level research, typically we do a couple of types of studies. We will do some type of diagnostic measurement that will provide initial direction for action planning. We will also do some ongoing tracking, which is used as a basis, typically more abbreviated, but used as the basis for monitoring progress against goals, and also flagging the need to take course directions. This is not to say that we can't use other data sources in concert with the unit level research that we identified some of those things here, such as mystery shopping, focus groups and the like. But ultimately, at the end of the day, the idea is that we want to identify the key drivers and the top opportunity areas.

I suspect most of you on this call, at some point if not currently, have or are doing analysis that you present in the form of an opportunity or quadrant type notch, like the one you see here. The idea always is to identify those aspects of the customer experience, which are most important to customers, which seem to have the greatest impact on customer satisfaction, value and loyalty. Where, perhaps, the ratings that you are getting from customers you do business with a particular unit are not terribly favorable, and, as such, will represent areas for improvement. The idea, then, is to identify on a unit-by-unit basis those areas that are key drivers in which the unit has the greatest area to improvement.

When we do the unit-level employee research, again, we are trying to understand how employee engagement and key employee drivers are influencing customer experience and future loyalty. This is what employee research, and particularly survey research, is designed to help us do. Once again, we typically, we do some type of analysis to identify the key drivers of engagement and the areas among those drivers, where perhaps we have the greatest need or opportunity to improve employee perceptions and opinions. So again, we are looking for the high impact areas, where perhaps the ratings are least or less favorable, and we are hoping to address those issues.

The traditional employee engagement and HR application of employee research would be to address any of these issues up in that upper left-hand quadrant. What is unique to the approach that we are recommending is that while we do analysis of customer data and employee data separately to identify the top opportunities, we somehow have to bring this together. So, a third step in our analytical approach to developing understanding is to identify specific issues among the top opportunities for customers that are linked to specific issues that fall in the top opportunities set for employees.

So, in this example you will notice in the grid, in the lower right hand corner of this slide, that there are specific issues like…among employees. The extent in which employees feel empowered to do the job is directly related to customer perceptions of whether employees are willing to respond and able to respond quickly to problems. Similarly, we found that to the extent that employees perceive they have the right tools to do the job, directly relates to the customers perception of whether employees have the knowledge at a bank or store or a dealer's products and promotions.

At the end of the day is to bring these three steps together. So you will notice in the upper left-hand corner, we have done this grid to identify top opportunities for customers. We did the same thing for employees. We bring the two together to pinpoint those employee issues, that if we address them effectively, are most likely to have a cascading impact on our ability to address and manage these key opportunities for customers. So, if I take the results of that, then once again, we use the customers' issues as essentially the action items. We use that knowledge that we gained from the employee engagement as essentially a fuel for the action planning process. Then, we are ready to move to the next step.

Now, to set this up, let's suppose that we go back to the slide that we showed you for one branch. We identified four specific issues that are top opportunities for customers, and we linked specific elements of employee engagement to these four. These four being employee knowledge of products and promotions, their ability to respond quickly to problems, their ability to provide accurate answers to questions, and speed of transaction. At this stage, we have essentially the agenda for action planning and implementation. Unfortunately, traditional marketing research and customer research programs often stop at this point. They report out action items. They introduce this information into the organization and managers say, "Go use this. That doesn't work." What has to happen is what Rodger is going to describe next. At this point, I will turn it over to you and, perhaps, you can tell us how people begin to develop and implement action plans.

(Rodger)
Thanks, Randy. You bet. Let's take a look at an approach that we have seen is very effective. As we talked about "understanding," let's now move into "enable," in terms of how do we enable this unit level in management and employee group to really start to participate and get involved in the process. The goal of the unit level continuous improvement process, which is what we are focusing on, is a continuous improvement process. It is to allow each unit to improve their customer experience, again, at a unit level, by focusing on specific plans and the top opportunity areas, where Randy just walked us through, where identified by that unit level research. Through this continuous improvement process, what we are really trying to do and focus on, is ensure that the right people fix the right things. Not trying to fix everything or something generic, but the right things at that level. By creating the action plans and implementing those plans and monitoring those to make sure that we achieve what we want, is how that will be done. Again, what we are trying to achieve is that continuous superior customer experience.

Now, the approach that I am going to describe can fall into two major areas and then a combination of the two. The first one is what was referenced early by Randy and that is the unit development approach. In other words, we are going to take a look at how the units develop their own solution to those areas of opportunities. The second approach, which we have designated as a segmented best practice approach, is going to take the best practices from that segment of the market that has been developed and apply those in a more systematic and continuous process at the unit level. Again, we are looking at it on sort of a continuum; segmented best practices, perhaps, at one end visually, and unit at the other end. In the middle, we will reference a hybrid where we can actually do a little bit of each, depending again on what is the most effective approach for the organization.

Let me walk through, first, the unit-developed approach in more detail. Again, if we go here and look at the upper left-hand part of the slide for the identified top opportunity areas, these would be the four areas that Randy just referenced coming out of the customer research. Those would be worked on by the management team at the unit level. Also, what would be introduced here would be a facilitator. What we see in many cases, if effectively applied, facilitator coming in and working with the manager at the unit level to, one, introduce the continuous improvement process. Look at the information that is coming from the customer research. Also, setting the roles and skills up in terms of what will be needed and how to interact and support the overall process.

From that, we move to that management team, really looking at the opportunity areas and prioritizing. Again, we can't solve all the problems at once, but what we want to do is prioritize them and really identify the top priorities for that unit that they can start working on. What is interesting in that facilitated effort, many times what we are finding is there are some low-hanging fruit. There are some opportunities that, with very minimal effort, perhaps it needs some more attention or something that needs to be course corrected and needs to be done very quickly. Those are immediate wins. That is an area that we have seen to be very positive. For the first time in many cases, the unit level organization is getting feedback in areas that they were unaware of the impact they were having through their current efforts, and they could make a change very quickly.

So, we now have the prioritized list from management, and also their support. Then we move into the continuous improvement team process. Now, in taking this to the continuous improvement team, we want to clarify the issues that are involved. Assign the owners, and this is where the employees get involved. They can have management representatives involved, also, but it is really the formation of teams to start to really work on these areas of opportunities that have been prioritized through the process of management.

Once the team is formed and they clarified it, then they begin to develop solutions. What is unique about this at the unit level, is that we now have unit feedback going to unit management and employees to develop unit-level responses. This would be very appropriate for those organizations that see each unit as needing to be responsive to their local market. They really are trying to provide the input and resources and flexibility for that unit to address their local needs. So, with those continuous improvement teams really understanding how to get to root causes, really understanding how to formulate an action plan and a proposal, it is actually an educational process that is going on, also, and engaging the employees.

We then move to the next phase, which is the management team approval. Again, the continuous improvement team brings their solution and their recommendation to the management team, who can adjust, approve or, if needed, ask for more information and due diligence. But, once that is approved, then the continuous improvement team – actually either themselves or helps – oversee the implementation team. We implement the idea or solution at the unit level. From that, there is an ongoing monitoring process, again, with not only internally monitoring. If there is a change in process, has the process been rewritten? Has it been provided and communicated? Are there some checkpoints that are being done? Also, are we starting to get subsequent feedback from the voice of the customer? Can we monitor that progress?

At this juncture, we would look at two possible alternatives. One is to say, "Have we corrected the opportunity or the problem?" Or, maybe the solution that we came up with and the correct due for the continuous improvement team wasn't quite sufficient and we need to modify that. So we would look at course corrections if appropriate or necessary. Or, we would see that it has been corrected and the solution has been identified and resolved the issue and we now move back through the cycle again to the next priority. So then what we have is then a continuous improvement process that is constantly looking at the top opportunity areas and getting the employees involved and going through this ongoing process.

So, that is the approach that we have seen to be very effective, in terms of the unit level activity. Let me give you an example here. Again, the top priority target for actions could be "employee knowledgeable about products and promotions." If we were to go into the continuous improvement process, first they wanted to clarify the issues and assign the owners. But in doing this, what they started to look at is – rather than assuming it was a training problem where people weren't knowledgeable – they looked into this particular issue and what they found was rather than a training issue, it was really a coordination and logistical issue. What was happening was that marketing materials for new promotions weren't timely. Or, they were coming in aggregated shipments and messages. In some cases, there were e-mails coming in that managers were not finding until after the promotion had started because of all the e-mail clutter that was arriving. So, the issue became not people needing to be trained, but rather a new approach to how the different product groups and marketing department information was sent to the local retail or branch unit.

So, armed with this information, in terms of seeing the challenges of logistics and communications and coordination, the local team developed a solution where they looked at two levels. One, areas where they could look at better coordinating the better promotions and product at the local level. For example, putting notes on bulletin boards where all the employees and managers could see it. They were looking at a better storage area so that promotional and point-of-sale information didn't get lost in the backroom.

But, they also looked at the corporate level and put some suggestions that management at the unit level was taking back to corporate, really looking to providing a more uniform way of delivering the announcements of the new promotions. So, with those types of solutions and presenting those to management and gaining their approval, they then went into the process of implementing where employees and local supervisors were implementing the local solutions. Unit management was requesting support back to product management and marketing to make sure that the information and the materials were better marked and more consistent in their delivery. They set up ways for local management to be better informed on when these products and new promotion s were coming out. Again, this is an area where things start to fall down, which moves it into the monitoring and course correcting. As they started looking at it, they found they needed to add more insight and communications into the unit where managers would on a Friday before a Monday launching of new products, would actually go through a checklist. They added that once we found out there was still a need for more reminder and a double-check that things were in place.

That provides us an example of how a unit-developed approach might be used in action. So with that, let's now move onto…I am going to try to index this. I am going to ask for help since mine is not indexing. Thank you. What we have now is to take a look at the segmented best practice, the other process that we talked about. In this process, what you are looking at is a very similar approach, but starting first with an integrated analysis of the marketplace in terms of multiple units throughout a geography, perhaps the US or North America or larger. And really trying to understand what are the like segments. What are similar segments in the marketplace, and really to identify those segmented aspects of the marketplace. So, we would look at developing the units by segment. Within each of those segmented areas then, we would look at going to a best practice discover summits. What we are trying to do here, is if we are looking at geography, perhaps rural versus urban, we maybe look at large versus small units in the organization. We are trying to identify a more uniform delivery of the customer experience across these segmented units. So, these best practice discovery summits would really look at identifying the key attributes of the customer experience and really identify the best practices in delivering those customer experiences.

Once those were developed, they would be approved and that would sort of provide the basis of the customer experience input from a desired level to the units. Then, starting as we did before with those areas of opportunity and the example that Randy gave us, those four would be brought into the unit level discussions. They would then look at the best practices in the opportunity and look at some generic action plans that needed to be identified. With that input, coming into the unit management and, again, with a facilitator working with the unit management, they would be introducing the continuous improvement process. They would look at all of the types of skills and roles that would be needed. And, very similar to what we saw before, they would be looking at opportunity areas, based again on best practices in terms of desired customer experience, as well as the top areas of opportunity. Again, prioritize these in top key action items. The quick fixes again, if they were available to take care of those. Then very similar as we did before, go into the continuous improvement team process. The slight difference, which may be significant in many areas, is that instead of the continuous improvement teams looking at these areas of opportunities with a blank sheet, in terms of how they address them, what we are really doing is having the continuous improvement teams looking at the areas of opportunities and mapping those against the best practices. This type of approach would be very useful in organizations that are trying to get a much more consistent delivery of the customer experience throughout their organization and the various units, particularly within the unit segments that they identified.

So, based on the best practices and areas of opportunities, the continuous improvement teams evaluate which are the best alternatives. They look at getting the solutions in that are necessary and getting those approved. They go through an implementation process. Again, they monitor this to make sure the solution was properly implemented. They are getting the new performance and behavior that they want. Then, also checking it against the voice of the customer data. We said that could result in course correction or moving on to the next one. So, here you are seeing a very similar model, but this is trying to make sure that those best practices are, in fact, put into the process and are utilized to the maximum.

So, what I mentioned a couple times is a facilitator. I think it is appropriate if we step back for a moment and say, "What is the role of this facilitator and what are the benefits?" First, the role. There are periodic meetings, many cases, monthly. Some case, more frequent or less frequent, but less say monthly. It helps to organize the continuous improvement process within each unit; to develop some skill sets that may not be present; to take advantage of any tools that are available. One of the areas that we found to be very effective is really in this whole understanding of root cause analysis and continuous improvement, and getting the change process going at the local level. Without making some kind of change, we are going to get the same type of customer experience. We are really trying to make that change at the local level.

They also facilitate coaching and the action planning/ implementation process. So, again, as we mentioned earlier, many times the wheels come off the customer experience change bus, if you will, when you have the plan and it never gets implemented. Just by being there, they can help motivate employees, one, by getting them engaged, but also spurring them on by their activities and encouragement and helping them celebrate success. They really bring focus to that change.

Again, the benefits we are seeing – and I can't overstress – is that these facilitators provide an objective third party. They are really perceived as a coach and a mentor and an individual there to help the local unit, as opposed to be there to implement a corporate mandate or to micromanage. The unit staff is quite often more open. Sometimes you get into these conversations, and it is challenging to really dig through the root causes when you are having someone's boss or boss's boss or perceived authority involved with it. Here, we have an objective third party, so that the solution can have greater relevance and, a lot of times, it speeds up the whole process in terms of developing that solution.

Another perspective that comes through is with this facilitator, the unit understands that the organization is committed to their success. There really is this outside individual there to help them, and that has a tremendous impact on their perception of support from headquarters. The interventions that are developed are much more specific to that unit. They feel that commitment and they see the real benefit of going through this process.

So, let's take a look at the two ends of the spectrum: the unit-developed, the unit-specific versus the segmented best practice. As you can see towards the bottom of the page, they are very similar in a number of areas. At the top of the page, you can see that the level of the solution, the corporate control and the unit staff engagement are somewhat different. Again, depending on the type of customer experience and organization you are working with, either one of these may be appropriate or, in some cases, we have seen a combination. That combination or hybrid would be where you would have certain best practices that must be employed everywhere. And yet, there are other areas outside those key drivers that are universal, that the unit needs to have flexibility to address their local issues.

So, we have gone through enabling them, but one of the issues we mentioned early on was motivation. Again, how do we look at now getting the local unit, the managers and employees to be recognized, and to have incentives to really make these changes and to implement the continuous improvement processes? What we know is, what gets asked for gets attention, and what gets measured, gets done. And what gets rewards, gets done more completely and more repeatedly. So, in terms of motivation there really is a starting point and that is employee communications. They have to understand what this is all about and what is in it for them.

We start with looking at employee communications to build awareness, to really make them know that this is the process that we are going to go through and how they can be involved. There is some excitement about it. We talk about the timing, the opportunity relevant to payouts and rewards, and what they need to accomplish in the performance they need to achieve to earn the recognition and incentive. It is not just a one time upfront approach. It is really ingoing. That ongoing provides feedback, as well as celebrating success and sustains the momentum. We want to make sure that there is continual awareness and frequency with those communications.

So with that keying it up, let's look at motivation at the unit level. What we are trying to do is link these incentives and recognition to these opportunity areas we set up, rather than just customer satisfaction in general, which is always good. What we are really looking at is what you saw in the action report that Randy went through. Is…what are those key, in this case, the example we are using is a branch…what were these key areas? If you look at this action report, we have overall metrics that are being tracked that can be more on the corporate area. Then, they have the branch-specific areas, which they are now also focusing on and being tracked against. So, in terms of motivating achievement for the corporate goals, we would link incentives and recognitions to the overarching ones, such as customer satisfaction, customer retention, average sale or referrals. That would give us the opportunity to tie everything under the corporate banner. In addition to that, we would look at the unit engagement of looking at the segmented units according to their initial scores, so there are more groups towards performance areas. They would have more tier groupings, and we would establish quarterly goals and payouts and maintain focus. Again, trying to make sure that they are involved from both at corporate measurement and reward process, but also at that individual unit level.

So, let's take a look at what could be a sample incentive payout grid. In this particular example, we have here an increased overall customer satisfaction as a qualifier. The organization is saying that we want everyone to at least achieve a certain level of customer satisfaction. Then, in terms of our opportunity earned, we have corporate metrics. These would involve 50% of the payout. In this case, there are three areas that are being tracked and monitored and part of the incentive, the increased customer retention, share of wallet and increased referrals. Again, each of these is weighted for, this case, a third, a third, a third. The opportunity is to achieve in each of these and, in this case, they hit each of them. They earned a point system of 1030 points. But in addition, they have the opportunity at the branch-specific metric level.

Here are the areas that we talked about before. They are focusing on the top two, because in this case, and their focus they hit those. They still haven't fully addressed the last three. So, they haven't achieved the level that they would like to there. As you can see, the top two were weighted higher then the others. They earned some points for that performance and, therefore, they get a total points in terms of their opportunity to earn and be recognized. So, here is an example of how you can tie corporate objectives and metrics into those branch specific, or in this case unit specific, which would vary based on the input coming back from their customer research.

Another level that we can look at, in addition to that, is top performers, recognizing top performance units. For example, you might have the best branch per region, the best units in certain areas, the tops in terms of customer satisfaction. Those also could be recognized with trophies or trips and merchandise. Whatever would be appropriate in that regard, so that there would be the opportunity for your local recognition and incentive as they perform, but also in terms of overall performance against others in their segment or in their organization as a whole.

So where does that take us? We spent a lot of time going through it, and I would like to summarize because I think it is good to remind ourselves that this is an integrated approach. It is really trying to take all three of these key areas – "understand," "enable" and "motivate" – and integrate them into an ongoing continuous process where you can experience that customer experience at the unit level as a competitive advantage. Again, that is how the customer experiences it is at the unit level. They don't experience it at the corporate level or in general. It is that one-to-one experience that they have when they are at that level. Next, we are really trying to improve it from the local levels customers' point of view, by motivating and involving the employees, aligning that customer experience to maximize business and really drive that top and bottom-line growth, in terms of increased customer experience, share wallet, etc. So, hopefully that brings you full circle to see the value of this and the power of this. What I would like to do now is to turn it back to Melissa to see a number of questions and answers that have come in since we started.

(Melissa)

Great job. Thank you, very much. Before we start the Q&A session, I do want to start the audience feedback poll. If everyone can take a moment and fill out the poll that is appearing on their screen right now. We would really like their feedback on today's presentation. While everyone is answering it, I would like to go over the details that were promised at the beginning of the session. On the screen in front of you, you can see what Website is given to replay the Webcast and the Webcast archives, also, the Website to request copies for today's presentation. Towards the bottom of the screen you can find Randy, Rodger's, as well as my e-mail if you have any questions for today's speakers.

We have time for a couple questions. First question, does this approach really work? Can you give some examples of the results you have seen?

(Dr. Brandt)

I will take a shot at that first. This is Randy. The answer is, it does work. We have seen it work for specific organizations that our clients at Maritz and that we have worked with on this. One example, one of the better-known examples, is in the automotive industry. There is an application of this used by one of our clients at the dealership level. What they basically did was they started out with a pallet group of dealers. Not selected in advance because they were the best performers, but really a cross section of dealerships that implemented this integrated closed group approach over a period of time. What this client did was, they looked at how those dealers did in terms of employee engagement and in terms of customer satisfaction and in terms of achieving financial results, relative to dealerships that had not adopted the process. What they found was that the dealers who adopted the process, had greater revenues and greater gross profits at the dealership level. They also found that they were achieving higher levels of customer satisfaction and repeat purchasing from customers who had done business in the past with those dealers. They also found that they had lower turnover among the sales and service personnel. Those folks were sticking around longer. They were being more involved, not just in the day-to-day operations, but in this improvement proves that Rodger described. So, whether you talk about it in terms of employee engagement or customer satisfaction or retention or financial performance, in this case, the participating dealerships outperformed the non-participating dealerships on all three. On the basis of that, this client rolled this process out to its entire network of dealerships having seen that it worked well with that initial trial group.

(Rodger)

And let me add, Randy, to your comment, to show the diversity of applications. Although we talked about the unit level and the example Randy gave was around automotive and dealerships, which could be looked at as unit level approaches, I would like to share that we also used this in call centers. In one application, which was in the telecommunications area – which involved over 20 call centers with over 2000 representatives, call center reps – we looked at this from a standpoint of, again, basically getting the voice of the customer back to each individual call center rep, which we could do because we could track their particular impact. We were able to, through the process, identify each rep with the customer they spoke to. Prior, they were using in a more generic way. We were now able to give it specific back to the call center rep. We would tie that information into an online support system, that included both the supervisor mentoring the call center rep, as well as the call center rep being able to see where they had an area of opportunity, or in this case, a low score. It would tie right into a learning and practice session. They could call up on their screen the learning and the interactive practice session, as well as getting feedback from their supervisor who was instructed in terms of how to coach. The results were fairly significant where their overall satisfaction ratings went from 68% to 77%. And their satisfaction at the call center reps specifically went from 70% to 76%, which was a significant move they were not able to do before.

(Melissa)

Thank you. Unfortunately, we only have time for one more question for today's event. Please know that any questions that were not able to be answered online will be answered online in a timely manner. For the last question of the day, can you please explain some examples of reward

plans for employees that need to create a great customer experience for a company that does not have a lot of funds? This would be for a client support staff.

(Rodger)
Let me try to address that. This is a common question, in terms of not having funds. First of all, there is a lot of ways to get started with low cost/no cost. It is just making sure you are taking advantage of typical one-on-one recognition: supporting them and providing them resources. One of the things that we found, though – and I would ask the person who submitted the question to think about – is also to think about the impact of improving the customer satisfaction and the customer experience, in terms of the example that Randy gave and I have given. It really does impact your business, in terms of its financial performance. That you may look at and in some of these cases, organizations have looked at as the financials have improved, actually use some of that funding to provide rewards and incentives. Use it as a self-funding mechanism.

We have seen a variety of awards used. Again, not to confuse it with compensation. We have seen gift cards used. We have seen gift certificates. Even allowing for lunch certificates. Anything that would show the employee that their improvement has been recognized and has been provided something more than, in this case, a "thank you." Something tangible and something they can celebrate their performance improvement. That would really be a starting point. From there, it is a whole wealth of opportunities to provide different incentives and recognition opportunities.

(Dr. Brandt)
Just to echo Rodger's point, one of the key ideas is to plan to use a portion of that increase in revenues, in gross profits, whatever the particular end result is, plan to use a portion of that as the basis for any financial rewards. In that sense, it becomes almost like a gain-sharing program.

(Melissa)
Great job. And thank you again, Randy and Rodger. And thank you to everyone listening today. We hope that you come away from this more informed to tackle issues like Maritz Research has demonstrated today. Lastly, if you would like to learn more about WebX Services, please fill out the form that appears when you leave the meeting today. So, thank you everyone listening and we hope you have a good day.

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MRC-141 4/06