LINKING EMPLOYEE ENGAGEMENT TO CUSTOMER GROWTH

As organizations transform their workplaces through employee engagement, leaders must remember the process is not an end in itself. They need to use their engaged workforce in a productive, purposeful way to get the most from every employee. A critical place to start is with the customer. Great leaders know that the best way to get their customers engaged and spending more is to ensure that their employees are engaged and aligned with their brand promise.

Optimizing the emotional connection between employees and customers must be central to what leaders and managers think about every day. If they do not focus on this connection, missed opportunities to maximize employees' efforts quickly result in missed opportunities with their customers or prospects, inhibiting organizational growth. Despite what companies stand to gain, Gallup often finds that they struggle to connect engaged employees' actions into an engaging experience for their customers, and the issue is usually that employee behaviors are not aligned with the company's brand.

All employees need to understand how their individual contribution relates to the company's mission and purpose, whether that mission is to make a profit and increase earnings per share (EPS), to raise funds to keep a nonprofit operation running, or to provide healthcare to those in need. Front-line employees represent a particularly important opportunity to fulfill this mission and purpose in direct interactions with existing and potential customers.

The Power of the Employee-Customer Encounter

The moment an employee connects emotionally with a customer is a source of untapped power that has profound implications for a company's productivity and profitability. When organizations know how to prepare front-line employees to make the most of these moments, they engage customers — who in turn spend more, visit more often, resist competitive overtures, promote their brand to others, and forgive the occasional service blunder. Companies drive real growth by empowering employees to do what is right in their customers' eyes.

Gallup's HumanSigma approach is a framework companies can use to align employee engagement and customer engagement to optimize business outcomes. Based on research conducted with 10 million employees and 10 million customers worldwide, the HumanSigma approach combines a proven method for assessing the employee-customer encounter with an actionable process for improving it.

The HumanSigma framework consists of Gallup's Q^{12} employee engagement and CE^{11} customer engagement items. The CE^{11}, like the Q^{12}, consistently demonstrates a powerful link to key business outcomes. Integrating them amplifies their revenue-producing results by aligning an engaged workforce with customers' emotional needs.

When Gallup researchers studied the effects of combining customer and employee engagement, they found that in workgroups with engaged employees serving engaged customers, the result was more than the sum of its parts. When organizations successfully engage their customers and their employees, they experience a 240% boost in performance-related business outcomes compared with an organization with neither engaged employees nor engaged customers. Organizations that only maximize one or the other can experience growth in the short run, but they will not be able to sustain it over the medium- to long-term horizons unless they align engagement with their employees and customers.

Every Employee Plays a Role

Not every employee is on the front lines with the customer, but every employee is still responsible for customer engagement. It is common for employees in supporting or behind-the-scenes roles — such as administration, billing, IT, and research and design, to name a few — to feel like their positions are not essential when it comes to engaging customers. But they could not be more wrong. Even if they spend day after day performing their duties without ever seeing a customer, their work is still vital to the customer experience, or else they would not be there.

Great managers help employees understand how every role in the organization connects to the customer through the company's mission and purpose. Every direct or indirect point of contact between a company and a customer — even through a bill, a letter or email, an ATM transaction, an online interface, or a product or service — has the potential to make a customer feel more engaged or less engaged with the company. Such experiences are rarely neutral. Great managers recognize this, and they help motivate all employees, accelerate their development, and unleash their innovation and productivity to ultimately engage the emotions of the customers they serve at every possible touchpoint.

When organizations successfully engage their customers and their employees, they experience a

240%

boost in performance-related business outcomes.

Building Brand Ambassadors

The notion that a company's employees represent the "face" of its brand is not new. But as companies seek to win in today's marketplace, many executives have begun to see the potential that their engaged employees hold as ambassadors for the organization's brand. To maximize the power of their engaged workers, companies must give them the knowledge and resources they need to be effective. Employees must:

- know what the organization stands for and what makes it different from others in the marketplace
- understand the company's brand promise and be able to explain the most important elements of the brand identity
- be empowered to deliver on the brand promise

Engaged employees are well-qualified to serve as a company's brand ambassadors. In fact, a recent study of shop employees in a Swiss telecommunications company found that the company's most highly engaged workgroups, those at the 50th percentile or above of Gallup's Q^{12} Client Database, scored considerably higher on their response to "I know what my company stands for" than did workgroups in the lower half of the database — a mean score difference of 4.52 vs. 4.08, respectively. When asked if they know how to make the company's brand promise "come to life," the workgroups had a mean score of 4.05, significantly higher than the 3.27 mean score for the teams below the 50th percentile.

When employees make contact with existing or potential customers, they give meaning and dimension to a company's brand promise. The best employee brand ambassadors don't stop doing this at the end of the workday. They continue to extol the virtues and values of their company's brand even when they are off the clock — in conversations with friends, family, neighbors, and on social media. Unfortunately, most companies do not groom employees for the role of brand ambassador, making it harder for customers to differentiate their products and services from the competition. This could be costing companies millions of dollars in lost opportunities.

For instance, in a banking study, Gallup found that 56% of Australian bank customers, 49% of German customers, and 44% of New Zealander customers felt that all banks and financial services institutions are the same. By contrast, 7% of customers in New Zealand, 6% in Australia, and 4% in Germany felt that one bank was the best in the entire industry. This is not unique to these countries; Gallup has discovered similar findings from banking customers in other parts of the world.

Even so, this small percentage of customers who believe that one bank is best is a particularly valuable segment. For example, Gallup discovered that customers in Australia who agreed that one bank is the best are four times as likely to be fully engaged with their bank as those who believe that all banks and financial institutions are the same. Similarly, those customers are nearly two times as likely to be extremely satisfied with the bank's products and services and to be extremely likely to recommend the bank to their friends and family, compared with those who perceive no differentiation.

Brand ambassadors are essential to forging these types of customer relationships. Yet a U.S. study showed that 41% of employees strongly agree that they know what their company stands for and what makes its brand different from its competitors. In Germany, 31% strongly agree. Companies rely on these brand ambassadors to represent the company's brand every day in the marketplace. If employees do not understand their company's identity and know what sets it apart, it is unlikely that customers will either. And that is a big miss — one with substantial performance implications.

> A U.S. study shows that 41% of employees strongly agree that they know what their company stands for. In Germany, just 31% strongly agree.

Equip Employees to Win Customers

When workers are engaged but are not aligned with their organization's brand, it limits their power to create an engaging customer experience that will actually drive EPS. Great companies understand that employee engagement in itself is not a destination — it is a platform to even higher performance, greater productivity, and increased revenue. In fact, fully engaged customers represent a 23% premium in terms of share of wallet, profitability, revenue, and relationship growth over the average customer.

To maximize employee and customer interactions and win in the marketplace, organizations need engaged employees deployed in every facet of their operation, not just in customer-facing roles. At the same time, they must understand that engaged employees are essential on the front lines. Each employee needs to understand the importance of his or her role to the company's mission and purpose, and each must be empowered to do what is right for the customer. Additionally, leaders must align each employee to the company's brand promise and ensure that he or she is prepared and equipped to be a positive brand ambassador for the organization, both on and off the clock. Once organizations master these areas, they are well on their way to a truly optimized workforce.

10 Ways to Improve the Customer Experience

Gallup's research shows that few employees are aligned with or empowered to deliver the core elements of their company's brand identity and promise. Executives must start by engaging their employees and then taking these steps to help their workers become effective brand ambassadors.

1. **Acknowledge that all employees play a key role in bringing the brand to life.** Successful branding is not just a marketing or sales function; it is an essential activity for human resources, management, and leadership.
2. **Audit your internal communications** to ensure that they are consistent with your brand identity and promise. Invest in making employees aware of your brand promise, and empower them to act on it.
3. **Articulate what your brand represents and what you promise to your customers.** Inject the core elements of your identity into the workplace constantly and consistently across time, locations, and channels. Use these elements to define not only how you treat your customers but also how you manage, coach, and treat your employees.
4. **Deploy simple processes** to ensure that you highlight and discuss the core elements of your company's brand identity every day. Use minute meetings, lineups, or staff gatherings to provide specific examples of how to deliver the brand promise.
5. **Use simple tools** such as wallet cards as ready references to the brand, and require employees to memorize the key brand elements.
6. **Regularly assess how well your employees know and understand your brand promise.** All employees — especially those in customer-facing roles — should believe in and feel they have the resources and permission to deliver your brand promise. Provide additional support in areas that fall short.
7. **Ensure that new employees understand your brand identity and promise.** All new employees should be able to articulate what your company stands for and what makes you different within their first 30 days of employment, and your managers should reinforce this message every day.

8. **Make sure that every employee understands how his or her job affects the customer experience.** This is particularly important for roles that are not customer-facing. Constantly connect the dots between what employees are paid to do and what your organization stands for.

9. **Recognize employees who deliver your brand promise to your customers.** Recognition is an important psychological need. Employees who know they will receive recognition for acting on the brand promise will have a strong incentive to do so.

10. **Regularly solicit opinions from your employees on new and better ways to deliver your brand promise.** Convene town hall meetings that allow employees to share their ideas and receive feedback. Demonstrating an authentic commitment to alignment is the best way to embed it in your company's culture.

EXECUTIVES MUST START BY ENGAGING THEIR EMPLOYEES AND THEN TAKING THESE STEPS TO HELP THEIR WORKERS BECOME EFFECTIVE BRAND AMBASSADORS.