

Taking Care of the People who Matter Most.

A Guide to Employee-Customer Care

Sybil F. Stershic

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Dedication

To Michael and Jason with all my love.

Acknowledgments

I didn't know it at the time, but the seeds of this book were planted when I started my career more than 30 years ago and found myself applying my educational background in social psychology to my first marketing job. It's been a true labor of love to finally get it in print and to quell my husband's echoes of "Write the book already!"

There have been so many wonderful people along the way who have helped me reach this point, and I thank them all. Among them I want to acknowledge some very special colleagues, clients and friends (in no particular order): Peg Portz, Frank Haas, Chris Bonney, Mike McDermott, Toby Bloomberg, Debra Semans, John Bartorillo, Phyllis Barr, Bob Wood, Mike Bartoszek, Linda Diehl, Susan Danoff, and Linda McAleer.

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While writing a book is a solitary endeavor, getting it to market is a team effort. My publisher and author advisor, Yvonne DiVita, went above and beyond the call of duty in helping me publish this book. I appreciate her taking on the role of surrogate counselor during some difficult times, many unrelated to the book itself. Special thanks to the editing, production, and marketing staff at Windsor Media Enterprises for helping me make this book a reality.

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As this book is all about taking care of the people who matter most, I need to acknowledge the most important people in my life for their unconditional love and support: my mother and lifelong teacher, Ruth Fischman; my sister, Enid F. Gossin; and my brother, Joel Fischman. I wish my beloved father, David Fischman, and my beloved brother, Bruce Fischman, were here to see this book come to fruition.

And finally, there is my husband and soulmate, Michael, and our incredible son, Jason, who matter more than anything. Thank you for your love, sense of humor, and for making the journey worthwhile.

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FOREWORD

*Why I Wrote **Taking Care of the People Who Matter Most: A Guide to Employee - Customer Care***

This is a book about the “care and feeding” of the people who are ultimately responsible for an organization’s success. It’s about internal marketing — a blended approach focused on taking care of employees so they can take care of customers. It is about marketing, and human resources, and management, and creating a positive customer-focused culture.

I have studied and practiced internal marketing throughout my 30+ year marketing career: collecting and sharing examples of best practices, writing about it, and presenting it in workshops and conferences across the United States. In the past few years, however, I’ve seen increased interest in the concept of internal marketing as managers are eager for new and proven ways to better engage employees for strategic advantage. These

managers have come to recognize employees — the people who embody and deliver on the brand promise — as the organization’s true differentiators in today’s highly commoditized world.

Management and human resource books abound on how to compete for the best talent in a tight labor market where companies have to work harder to attract and retain employees. But employees shouldn’t be treated with any less attention when the unemployment picture changes. Addressing the economy’s transition from low to high unemployment in 2003, a *Fast Company* article acknowledged: “In many workplaces, the message has changed from ‘What can we do to keep you happy and keep you here?’ to ‘You’re lucky to have a job, so sit down and shut up.’”¹

The reality is that even in times of high unemployment, managers still need to be concerned with employees’ satisfaction and retention. We know that unemployment goes hand-in-hand with reduced consumer spending; i.e., when fewer people are working, they tend to spend less. As a result, companies have to work harder to compete for customers. And to effectively attract and retain customers, you need a trained and motivated staff.

What Are the Benefits of a Satisfied Workforce?

Research shows that employees who have better relationships with their companies are more likely to:

- Stay with the company, thereby reducing the high cost of turnover.
- Recommend the company to other potential employees, also reducing search expense.
- Be more productive in their jobs, augmenting the organization's return on its investment.
- Provide higher service levels, increasing customer satisfaction and loyalty.²

Apparently, many managers aren't aware of or don't care about reaping the benefits of a satisfied workforce. A recent Maritz[®] Poll found only 10% of workers strongly agreed that their companies genuinely listened to and cared about their employees³ (I hate to imagine what it's like for the other 90%!) Look around — how many people do you know who work in organizations that really care about them? And how many are employed in what they consider a toxic workplace?

Taking Care of the People Who Matter Most: A Guide to Employee-Customer Care is more than just a “feel good” book for taking care of employees. Given the complexity of dealing with rising customer expectations and greater workplace demands, managers are challenged with the need to continually motivate employees to sustain high levels of customer satisfaction. Consider, also, the

ramifications at the opposite extreme — the negative impact that dissatisfied employees and customers have on an organization's sales, operating costs, morale, and brand image. Given that dynamic, who can afford to ignore the potent power of the employee-customer connection?

This book gives managers the foundation and tools needed to leverage this critical connection. You'll learn a practical framework and applicable strategy for internal marketing that will enable you to be most effective as you communicate with, educate, and motivate your employees to take care of your customers.

Best of all, you don't have to be in marketing to use this approach! Any manager, regardless of functional responsibility, can apply internal marketing tools and activities. After reading this book's examples of how different-sized companies in a variety of industries use internal marketing for employee-customer care, you'll find internal marketing is practical and easily adaptable to almost all organizations in the corporate, nonprofit, and public sectors.

Note to nonprofit managers: the concept of employee-customer care also applies in the nonprofit world. If you are uncomfortable with the term "customer," substitute the appropriate term(s) to describe those constituencies who are important to you: clients, members, stakeholders, donors, or volunteers. In addition, where applicable, consider mission fulfillment in place of references made to corporate bottom-line results.

How to Use This Guide To Employee-Customer Care

Besides demonstrating the value of the employee-customer connection, this practical Guide provides a solid framework managers can use to develop an effective internal marketing action plan. It starts with a “Mini-Audit” you can use to assess your organization. You’ll also learn the foundation of internal marketing strategy along with a variety of applied internal marketing tools to strengthen your employee-customer link and internal service culture.

To help you make the transition from concept to application, several chapters contain “Action Plan Starter Notes” with questions designed to help you apply the insights and ideas to your situation. The Guide concludes with an easy-to-follow Checklist and special Worksheets that will enable you to develop a customized internal marketing action plan for your department/division/business unit or organization.

So read on and learn how you can effectively take care of the people who matter most.

TAKING CARE OF THE PEOPLE WHO MATTER MOST
A GUIDE TO EMPLOYEE-CUSTOMER CARE

CHAPTER 1

Employee Engagement and the Bottom Line

*Dispirited, unmotivated,
underappreciated workers
cannot compete in a highly
competitive world.*

Francis Hesselbein¹

Not long ago, when corporate America was undergoing continuous restructuring, many employees reported feeling unmotivated, unrecognized, and unrewarded. In today's uncertain economy, the situation hasn't changed much. Thanks to business headlines featuring ongoing layoffs and the fallout from corporate scandals, employee commitment is in jeopardy. As a result, management's best efforts to serve customers can be inadvertently undermined by employees who can't rally the requisite energy and enthusiasm needed to be customer-focused.

Why does this matter? It's a simple principle: the way your employees feel is the way your customers will feel. And if your employees don't feel valued, neither will your customers.

As a business professional and consumer, I've seen how employees impact customers. What employees experience in their organizations carries over to customer attitudes and intentions; i.e., employees influence what customers think about your business and determine whether (or not) they'll establish and maintain relationships with your company. Managers who try to cater exclusively to customers while ignoring their employees' well-being in the process are doomed

to fail. Smart managers know they need to pay as much attention to their employees as they do to their customers.

In his extensive research on customer loyalty, Frederick F. Reichheld found a direct connection between an organization's treatment of its employees and its customers' resulting attitude toward the organization. According to Reichheld, none of the companies in his research "achieved extremely high customer loyalty without fostering similarly high loyalty among [their] employees."² Maritz[®], a research firm specializing in customer experience and loyalty, reports that the connection between the employee experience and the customer experience is receiving increasing "attention as a true driver of business success."³

Despite this connection, "companies too often ignore the dynamic people issues that are at the core of their customers' experience."⁴ Employees are considered an afterthought, even in firms that buy into being customer-focused. Why is this happening when we know employees play a critical role in maintaining and enhancing customer relationships, serving as company advocates, and delivering on the brand promise?

In reality, many executives may openly acknowledge employees as their greatest asset, but operationally and culturally they don't treat them as the company's greatest asset. The most they do is offer them lip service. The authors of a recent book on successful corporate cultures, *Firms of Endearment*, sum it up best: "Like customers, employees have long been objectified — seen as resources for exploitation in service of company objectives."⁵

In a Forum[®] Corporation study from the spring of 1996 that asked why consumers switched companies, nearly 70% of the reasons given were not product related. Consumers said they switched companies because they felt either the attention they got from the company they left was poor or they hardly got any attention at all.⁶ As Jay Conrad Levinson, father of an aggressive grassroots marketing approach known as “guerrilla marketing,” acknowledged: “The majority of business lost is lost due to customers being ignored.”⁷

So it doesn’t matter how much you’re spending on the latest and greatest technology, how innovative your products and services are, or how persuasive you are at getting customers in the door. If your employees don’t take care of them, they won’t be staying long.

I can tell you that public perception of your company’s brand is influenced by what you promise in your marketing communications as well as what you (i.e., your employees) actually deliver. As customers interact with your organization, if their experiences are inconsistent or conflict with your marketing messages, what are they most likely to believe: your marketing or their experience?

This is the reason that employees are truly “the most powerful medium for conveying the brand to customers.”⁸ It’s why I advocate an employees-first approach, based on the advice of J.W. Marriott: “Take care of your employees and they’ll take care of your customers.”⁹

Yet, whenever I share Marriott’s philosophy while addressing senior executives, I get the same reaction. I

can read it on the faces of the conference attendees whose eyes glaze over as they say to themselves, “Here it comes, the old ‘warm and fuzzy stuff.’”

Wrong! Instead of “warm and fuzzy,” the evidence is “crystal clear” that customer relations mirror employee relations. Research shows a direct link between employee satisfaction and customer satisfaction, and between customer satisfaction and improved financial performance.¹⁰ As you read on, you’ll find numerous other studies cited throughout this book that show the impact that employee and customer satisfaction have on profitability and the bottom line.

Effective employee-customer care is based on the self-reinforcing relationship between employee satisfaction and customer satisfaction. Pay insufficient attention to maintaining the satisfaction of either group and you risk distortion of your organization’s brand image and bottom line. To see the true reflection of employee-customer satisfaction, look within your organization.

The View from the Inside Out

Taking Care of the People Who Matter Most: A Guide to Employee-Customer Care is based on an often overlooked, underutilized strategy to create a corporate culture committed to both customers and employees — a strategy of internal marketing. This approach applies marketing inside the organization: to engage employees and instill customer-focused values for organizational

success. Its primary focus is on taking care of employees so they can take care of customers.

Consider the evidence supporting the relationship between employee and customer satisfaction. In the 1980s, a bank holding company in Florida commissioned two independent studies: one was a branch customer satisfaction survey, and the other was an employee opinion survey. Researchers found significant agreement among both customers and employees — those branches that ranked high on customer satisfaction were also rated favorably by employees on a number of organizational factors such as management support, empowerment to meet customer needs, internal customer service, training, motivation and the overall quality of work-life.¹¹

In the mid-to-late 1990s, Harvard Business School researchers James L. Heskett, W. Earl Sasser, Jr. and Leonard A. Schlesinger demonstrated the progressive bottom-line link between employee and customer satisfaction, employee and customer loyalty, and (ultimately) customer loyalty and profitability. Following are several examples from their book, *The Service Profit Chain: How Leading Companies Link Profit and Growth to Loyalty*, that describe the relationships between employee and customer satisfaction:

- Restaurant chain Chick-fil-A[®] found 78% of its restaurants with above-average customer satisfaction scores also reported above-average employee satisfaction.
- The operating divisions of Waste Management[®] with the highest customer satisfaction scores also

ranked highest on employee satisfaction and were more profitable than those divisions with the lowest employee and customer satisfaction scores.

- When comparing employee turnover rates, Taco Bell® found 20% of their stores with the lowest turnover had double the sales and 55% higher profits than the 20% of stores with the highest employee turnover.¹²

More recently, the 2006 Maritz® Customer Experience Study found 43% of all customers who defect do so because of customer service issues. The study also found 77% of the time those customers blamed employee attitude as the primary reason leading to their defection.¹³

Let's take a closer look at the internal ramifications of employee satisfaction. How do employees feel about the goods and services their companies provide? Research shows that highly satisfied employees purchase their companies' products and services at much greater rates than employees who are not "highly satisfied." A retail study found 95% of highly satisfied employees routinely shopped at the store where they worked compared with 0% of the dissatisfied employees. The highly satisfied employees were also more willing to recommend their companies' products and services to customers, which can lead to greater sales.¹⁴

In addition, employees can influence the sale of the organization itself to potential employees. "Unconsciously, your employees enhance or destroy your organization's 'magnetism' or ability to attract new hires every day. . ."¹⁵

And recruitment isn't the only area affected; workplace satisfaction also impacts employee loyalty and retention.

One study on employee loyalty asked employees to assess the likelihood they would accept a job offer from another employer at comparable pay. More than 90% of "highly satisfied" employees said they would definitely remain in their current jobs — that is, they would decline the offer — compared with only 30% of "satisfied" employees, who would also remain in their current positions and decline the offer. Employees at lower levels of satisfaction said they would basically take any job offer they received to get out of their current positions.¹⁶

Managers would do well to remember that unhappy customers are not the only ones who can choose to leave an organization. Just like the cost of customer "churn," the cost of employee turnover can be damaging, especially when you examine both direct and hidden costs. Direct costs include employment advertising, recruiter fees, increased unemployment tax, and reference checks in addition to the extra time required by human resources and the requesting managers to schedule, interview, and train new hires. Related hidden costs include "loss of organization knowledge, disrupted departments, missed deadlines, low morale, loss of client relationships and chain-reaction turnover."¹⁷

Numerous human resources research and consulting organizations have estimated turnover costs ranging from 150% to 200% of annual pay.¹⁹ For example, according to one estimate, it costs \$78,000 to replace an employee in a \$46,000 per year job, or approximately 170% of annual

pay. (For a comprehensive guide on how to calculate the true costs of turnover see Nancy S. Alrichs's book, *Competing for Talent*.) When it comes to the bottom line, employee satisfaction, loyalty and retention have as much impact (positive or negative) as customer satisfaction, loyalty, and retention.

Employee-Customer Care: A Blended Management Approach

While it is easy to acknowledge employees' impact on customers, ensuring that impact is a positive one can be a challenge. Throughout my career, I've heard from managers and other executives who understand the employee-customer connection but are unsure how to best influence it. They all want to know: how do you get employees to work with you rather than against you?

The answer can be found in internal marketing, which "enables employees to keep the promises that have been made to customers."²⁰ Internal marketing involves the application of marketing inside an organization to instill customer-focused values for organizational success. Just as professional marketers use marketing to attract, motivate, and retain customers, managers can use internal marketing to attract, motivate, and retain employees.

Don't be intimidated by the "marketing" label here, since you don't have to be a marketer to apply internal marketing. A comprehensive approach that blends marketing and human resources, internal marketing

is best defined as “the ongoing process whereby an organization aligns, motivates and empowers employees at all levels to consistently deliver a positive customer experience that helps achieve business objectives.”²⁰

While marketing is traditionally thought of as being externally focused — with most of its activities directed at reaching outside markets and customers — the reality is that no organization will be successful without the support of its most valuable internal resource: its satisfied, dedicated employees. Applying marketing internally allows an organization to focus on those representing its true competitive advantage. Think about it: most products and services can easily become commoditized, but competitors cannot duplicate the relationship an organization’s employees have with its customers. “Really making your people your most important asset turns out to be difficult for your competitors to copy.”²¹

Despite the marketing label, internal marketing is more a management strategy than a pure marketing function. One of internal marketing’s early advocates, Christian Grönroos, identified two separate but integrated components of internal marketing: attitude management and communications management. Attitude management involves motivating employees to buy into the organization’s customer-oriented values, while communications management involves providing and managing the information that employees need to perform effectively.²²

It's important to understand, however, that internal marketing is not an attempt to create "Stepford" employees — plastic, smiling automatons going about their business, happily serving customers. Internal marketing is an approach that advocates employees be considered upfront, and not as an afterthought, in planning and implementing corporate strategy.

Internal marketing encompasses a range of management and supervisory activities including (but not limited to) training, recognition, empowerment, management support, information sharing, reinforcement and team building. It collectively builds on these and any communications, educational, and motivational efforts used to reinforce the value of customers and the employees who serve them. As such, it is not a totally new concept.

What is distinctive about internal marketing is its proactive, strategic approach focused on both employee and customer care.

How Much Internal Marketing Do You Need?

Despite the evidence linking employee and customer satisfaction, few managers consciously apply internal marketing. In some organizations, management appears cool to the concept, while others are quick to dismiss it as "warm and fuzzy," as noted in my experiences at the start of this chapter.

Why don't these folks implement this great strategy that will improve their businesses? Unfortunately, for most companies, the answer is either top management doesn't see the need for it or thinks the company is already doing it. Such thinking is reflected in these typical scenarios:

- Management's professed concern for its employees is mere lip service. According to the "Dilbert Principle," the statement "Our employees are our greatest asset" tops the list of "Great Lies of Management."²³
- The organization suffers from "cultural schizophrenia" and purports to be employee- and customer-focused when it's really operations-driven.
- Management assumes everything is OK, so internal marketing is not needed (i.e., "We have an employee-of-the-month award program and an annual employee picnic . . . what more do they want?")

To see how your organization stacks up, complete the following internal marketing mini-audit. Circle the number that best applies to each statement, and be as candid as possible. (For best results, I recommend you conduct and review this audit with others in your organization ranging from front-line staff to executive management. This will provide you with different perspectives on the need for internal marketing within your organization.)

Internal Marketing Mini-Audit

We're there and feel good about what we are doing		We're working on it and trying to improve		We're clueless; what's the big deal?
5	4	3	2	1
Based on the scale outlined above, to what extent:				
Do employees know what is expected of them in helping your organization achieve its goals?				
5	4	3	2	1
Do employees really know and understand your customers?				
5	4	3	2	1
Are employees given the tools they need to perform effectively (information, training, equipment, etc.)?				
5	4	3	2	1
Does management proactively reinforce the importance of customers?				
5	4	3	2	1
Do all employees (not just those with direct contact) understand their impact on customers?				
5	4	3	2	1

Internal Marketing Mini-Audit

We're there and feel good about what we are doing	5	4	3	2	1	We're clueless; what's the big deal?
Based on the scale outlined above, to what extent:						
Is customer information shared throughout your organization (customer wants, needs, expectations, perceptions)?	5	4	3	2	1	
Are employees involved in improving customer satisfaction?	5	4	3	2	1	
Are employees' efforts to take care of customers recognized?	5	4	3	2	1	
Does your organization recognize "internal" customers (i.e., employees)?	5	4	3	2	1	
Does communication flow openly throughout your organization (top-down, bottom-up, laterally)?	5	4	3	2	1	

Scoring the Internal Marketing Mini-Audit

If you circled mostly 4's and 5's, keep up the good work! You are fortunate to be in an organization where management recognizes the value of its people. To help you maintain momentum, use this book for reinforcement and look for new ideas to build on your current efforts.*

If you circled mostly 3's and 4's, you are on the right track. Figure out what you need to do to improve (to get you closer to the 5's) and get others involved throughout your organization to help. Stimulate your thinking with the ideas in this book and network with other managers (both inside and outside your field) to build an inventory of internal marketing tools you can use.*

If you circled mostly 1's and 2's, you have your work cut out for you. Determine what you need to do to move up a notch to 3 or 4. Also, consider who needs to get involved? Who needs to be convinced? Use this book as a starting point for ideas and practical examples of how to be more attentive to your employees.*

Equally important, don't despair if you don't have the authority to effect a change throughout your organization. Instead, concentrate your efforts on a micro level – you can apply internal marketing within your own department, division or business unit.

*You can find additional ideas for internal marketing on my blog found online at: www.qualityservicemarketing.blogs.com. My blog is continually updated with content that supports the advice in this book.

What if your company continues to resist internal marketing? Then consider other options. The good news is you can find other organizations whose culture and values go beyond lip service to recognize and reinforce the importance of employees as well as customers.

Hiring the right staff and training them to serve customers effectively is a manager's initial hurdle. Once you have the right people in place, the ongoing challenge is how do you continually motivate employees to sustain customer satisfaction? We'll explore the answer to this question in the next few chapters.

TAKING CARE OF THE PEOPLE WHO MATTER MOST
A GUIDE TO EMPLOYEE-CUSTOMER CARE

CHAPTER 2

Gaining Employee Commitment: A Formula for Success

“Millions of dollars spent on heavy advertising are wasted if employees do not know, and are not equipped to deliver, the promises that have been communicated to customers.”

Ben Machtiger¹

The foundation of an effective internal marketing strategy is based on gaining employee commitment. Why does your business need commitment from its employees? According to Lawrence A. Crosby and Sheree L. Johnson of Synovate Loyalty, “Employee commitment results in ... the employees’ identification with and attachment to the company, their internalization of its goals, and their willingness to put forth discretionary effort to help it succeed.”² This discretionary effort is “the extra level of performance people give when they want to do something;” i.e., it’s the “difference between commitment (doing it because we want to) and compliance (doing it because we have to ... or else!).”

To gain employee commitment, you need to apply the “3 Rs Formula”:

Respect = giving employees the tools they need to do their jobs

Recognition = catching employees doing something right

Reinforcement = continually supporting a customer-focused culture

= *3 Rs for Employee Commitment*

I developed this formula to help managers better understand what's behind internal marketing. Let's explore each of the 3 Rs in more detail.

Respect: Giving Employees the Tools They Need to Do Their Jobs

A company **Respects** its employees when it gives them the proper tools and information they need to do their jobs. **Respect** involves three key elements: communication, training, and empowerment.

Communication

Tell employees what your organization stands for, what its goals and objectives are, and what your organization expects of its employees. This helps employees understand what the company is trying to achieve and how, as employees, they can effectively contribute to the end result. Giving your employees this information — i.e., what their roles are in the “big picture” — may be critical to your company's success, as it's “only when employees understand how they fit into the bigger picture ... that they apply the discretionary effort necessary for the organization overall to excel.”³

Communication must be open so that employees have access to the information and knowledge they need to perform their jobs. They need answers to basic questions such as:

1. Where is the organization headed and why?
2. What are the implications for the organization's future?
3. What do we employees need to know / do to help us get there?

Specific examples of information organizations should share with their employees include the following:

- future plans, goals and direction
- rationale behind important decisions and actions
- market and competitive impacts
- customer feedback
- product/service performance and new product or service development
- operating policies and performance standards
- benefits and promotion opportunities.

While sharing this type of basic information with employees seems like a no-brainer, many companies fall short in their efforts to communicate this vital content to employees. In a study conducted by the International Association of Business Communicators (IABC) Research Foundation and Right Management Consultants®, nearly half (48%) of the companies studied “failed to effectively explain to employees the purpose of their jobs and the mission and strategy of their businesses.”⁴ How can employees help your company move forward if they don't know where your company is going or what your company expects of them?

We've known about the impact of organizational communications on employee performance for a long time. As a result of research he conducted in the 1960s, Chris Argyris found that a lack of openness in communications led to reduced employee commitment to organizational goals.⁵ Jan Carlzon, former president of Scandinavian Airlines Systems (SAS)TM, understood this and made it part of his personal leadership philosophy: "An individual without information cannot take responsibility; an individual who is given information cannot help but take responsibility."⁶

We will learn more about the impact of internal communication on employee performance, when we explore how to strengthen an organization's internal service culture in Chapter 4.

Training

Besides knowing what's happening in an organization, employees also need to develop or enhance the skills necessary to their jobs. Multiple types of training are required:

- operational training
- orientation to the industry
- product knowledge training
- communications and customer relations skills
- management or supervisory training

Each type of training expands your employees' knowledge base and strengthens their connection to your organization.

Operational training. This initial training covers the organizational basics that explain an employee's fit and function within the company — how the firm operates; who the key players are; who the customers are; what the organization's mission, structure, and resources are; what the employee's assigned department or division norms are; etc.

These organizational basics are usually shared in the initial stage of an employee-employer relationship, for example, in new employee orientation. In smaller firms that don't have a formal orientation program, new employees obtain this information from their managers and/or co-workers.

Orientation to the industry. While most organizations educate their employees about the company itself, few go beyond the initial orientation to educate employees about their industry. Who are your competitors and how are they performing? Who presents the greatest threat? What trends and market forces are likely to impact the industry?

Industry-related information is available in trade and business publications and is usually found in the executive suite. But why not make these resources available to all employees? If you can't afford to increase your subscription budget, set up a central library or resource area and let your employees know about it. Highlight important industry news or relevant articles and post them on the company intranet.

Similarly, you can request that all staff who attend industry or professional conferences share the information and ideas learned at the conferences throughout the organization. Build in opportunities to continually educate employees about your industry, not only in orientation, but also in staff meetings, brown-bag lunches, seminars and related training events. The better informed your employees are, the better they can perform, including being alert to outside influences and innovative ideas.

Product knowledge training. All employees, even those with limited or no customer contact, should be thoroughly familiar with the products and services your company provides. Who are the appropriate target markets for your products? How can customers maximize product use? How do your products stack up to the competition? Why would a customer choose your product? Why should a customer choose your product? From my own experience as a consumer, I'm continually amazed by the encounters I have with employees who are clueless about their company's products and services.

Communications and customer relations skills. Some of these interpersonal skills can't be taken for granted. Do your employees know how to effectively deal with customers? Do they know how to effectively communicate with other employees, suppliers, or partners? From the fundamentals on how to meet and greet customers to the challenge of dealing with difficult customers, this type of support training can help employees interact more effectively with others.

Management or supervisory training. Helping employees develop to their full potential is part of any manager's job description, but not all managers come with the requisite skills or experience to do this — especially new managers. Management development training programs range from team-building to collaboration to assessing employee performance. Unfortunately, because these programs are considered “soft” training, many companies cut back on management development during lean times and do not always reinstitute this type of training when their financial picture improves.

Investment in employee training can yield significant returns. A University of Pennsylvania study of 3000 companies found that 10% of revenue spent on capital improvements boosted productivity by 3.9%, whereas a similar investment in developing human capital increased productivity by 8.5%.⁷

It's important to understand investment in training is not a one-time event. The dynamic marketplace we live in spurs technological innovation in the form of new and improved products and services, resulting in more competition and increasing consumer demands. As the market changes and as companies adapt and evolve, we need to continually upgrade our employees' knowledge and skills.

Empowerment

After *Communication* and *Training*, the final element of **Respect** is Empowerment. Employees need to have a

sense of ownership in providing customer care, including serving other employees as “internal” customers. Empowerment involves giving staff the latitude to properly serve customers without asking permission every step of the way to handle basic customer requests or problems. Nothing is more frustrating to a customer than to hear “Sorry, I can’t help you” because the employee doesn’t have the tools and/or skills to properly take care of the customer.

Interestingly, empowerment can be an important source of employee satisfaction. One company study found about two-thirds of its employee satisfaction levels were affected by just three factors:

1. the latitude given employees to meet customer needs
2. the authority given employees to serve customers
3. employees’ possession of the knowledge and skills needed to serve customers.⁸

Effective communication, training, and empowerment form the cornerstone of **Respect**. In my workshops, I suggest the following mnemonic as an easy way to remember these three elements — explain, train, and refrain:

- **E**xplain to employees what their jobs involve and how they fit in the “big picture.”
- **T**rain them to do their jobs.
- **R**efrain from getting in their way.

Recognition: Catching Employees Doing Something Right

Recognition is the second R in the 3 Rs Formula of gaining employee commitment. Whenever possible, you want to catch your people doing something right.

Recognition can be informal or formal, but it need not cost much. What I'm talking about is simple, sincere acknowledgment of an employee who goes the "extra step" for a customer or fellow coworker. Studies have shown the incentives that are most motivating to employees tend to be relatively easy and cost the least.⁹ In fact, in a study of potential workplace motivators conducted by Dr. Gerald Graham, professor of management at Wichita State University, employees ranked the following three "no-cost" incentives highest:

- personal recognition for a job well done
- a written thank you
- public praise.¹⁰

Recognition is a means to help employees feel valued. However, as a form of positive reinforcement, recognition isn't always applied that way. Typically in the workplace, the best positive reinforcement employees can expect to receive is a lack of negative reinforcement. In other words, if you didn't get your hand slapped for doing something wrong today, you must have done a good job. But how would you know when no one ever tells you? The reality is many managers are quick to criticize and slow to praise. Even Harvard researchers have documented that we are "stingy" with praise in the workplace.¹¹

Managers can have fun with **Recognition**; e.g., sending flowers or a goody basket filled with candy or snacks, springing for pizza at lunch, etc. Ever notice the power of food in an office? Bring in delectable treats and you can set off a feeding frenzy!

Companies have become creative in encouraging employee **Recognition**. Managers at Richmond, VA-based Ukrop's Supermarkets™ get special "Thank-You Kits" to use for staff recognition. These kits include thank-you notes and money the managers can use to reward staff with movie tickets, flowers and other tokens of appreciation.¹² McDonald's® Corporation offers its managers and franchisees a line of customized greeting cards they can use to acknowledge their employees' efforts.

Eat'n Park®, a Pittsburgh-based regional chain of family restaurants, developed "The SUPER BOOK" of recognition ideas for its managers with "SUPER ways to keep SUPER employees feeling SUPER about their jobs." I had the opportunity to read a copy of this book when I worked on a consulting project for Eat'n Park®. Along with suggestions for formal recognition, the book includes a number of no-cost and low-cost ideas used by its managers. For example, the management team at one of its restaurants calls the parents of its teenage employees to share appreciation for the employees' good performance.

In my former career in banking, I had the opportunity to witness a powerful example of **Recognition**. Based on the results of a customer satisfaction survey, the bank rewarded the top scoring branch with a special breakfast served by senior management. Instead of just authorizing

the branch manager to buy breakfast for the staff, the executive management team brought in and served the morning meal. The bank president poured the juice, the senior vice president of branch administration sliced the bagels, and the head of marketing served the coffee. This special event, which the branch staff enjoyed and talked about with pride for months, was a visible demonstration of management's strong commitment to customers and staff.

According to Jon R. Katzenbach, author of *Why Pride Matters More than Money*, such highly visible recognition events and celebrations are an integral part of how organizations instill pride in performance and contribute to an emotionally committed workforce.¹³ The authors of *Firms of Endearment* echo the value of recognition: "Yes, a high salary and generous stock options may keep an employee on the payroll, but absent recognition and appreciation, the person will not be bonded with the company. Being unbonded, the employee will not give the company his or her best efforts."¹⁴

It's easy to dismiss **Respect** and **Recognition** as fluff, but they are critical to engaging employees. You can find evidence of both in the following questions developed by the Gallup Organization to determine the strength of the workplace:

- Do I know what is expected of me at work?
[**Respect**]
- Do I have the materials and equipment I need to do my work right? [**Respect**]
- In the last seven days, have I received recognition or praise for doing good work? [**Recognition**]

- Is there someone at work who encourages my development? [**Respect**]
- This last year, have I had opportunities at work to learn and grow?¹⁵ [**Respect**]

These are five of twelve powerful questions that Gallup discovered have strong links to one or more of the following business outcomes: employee productivity, retention, customer satisfaction and profitability.¹⁶

Reinforcement: Continually Supporting a Customer-Focused Culture

The 3rd R of gaining employee commitment — **Reinforcement** — allows you to continually support a customer-focused message in both word and deed. In almost all your internal written and verbal communications, you have the opportunity to reinforce the importance of taking care of customers: in staff memos and newsletters (print and electronic), bulletin boards (yes, they're still out there), signage, staff meetings, special events, etc.

Here are examples of what some organizations in the private and public sector have done to reinforce a customer-focused culture:

- In an MBNA[®] credit card service center (before its acquisition by Bank of America[®]), the words “Think Like the Customer” were painted over

each doorway as reminders of the importance of being empathetic with customers.

- At QVC[®], the cable shopping network, the words “Customer-Focus: Exceeding the Expectations of Every Customer” are inlaid in the atrium floor of its headquarters building.¹⁷
- Southwest Airlines[®] encouraged its employees to share their stories of “positively outrageous service” and published them for internal distribution.¹⁸
- The U. S. Census Bureau celebrates “Customer Service Week” every year in early October as part of a national effort recognizing the importance of customer service. I learned about this first hand when I was invited to participate in their festivities. They celebrate with a range of activities including presentations by special guest speakers, exhibits where staff can vote on the most customer-focused displays, and a program book filled with customer service success stories from both customers and employees. One year they even developed a customized game that reinforced the importance of customer service.

When it comes to **Reinforcement**, the most powerful message comes from managers whose actions demonstrate the importance of being attentive and responsive to customers. Employees pay close attention to the cues provided by their managers, and they are quick to ascertain the difference between lip service and true commitment to customers. For example, managers who shy away from customers cannot expect their staff to go the extra mile in providing customer care. Any printed

or verbal reinforcement will be rendered ineffective if managers do not “walk the talk.”

The 3 Rs Formula for gaining employee commitment — **Respecting your employees, Recognizing their efforts, and Reinforcing the importance of their being customer-focused** — is the foundation of an effective internal marketing strategy. We’ll continue to see evidence of these 3 Rs in the next few chapters as we move from a general framework to specific internal marketing tools you can use to take care of the people who matter most.

Introduction to Action Plan Starter Notes

Now that I’ve laid the groundwork for internal marketing with the 3 Rs Formula for gaining employee commitment, you can begin the process of building your internal marketing plan by answering the questions on the next two pages. Each set of Action Plan Starter Notes (included here and at the end of the next few chapters) is designed to help you capture your thoughts and ideas as you begin to plan how to implement internal marketing in your organization. At the end of this book, you’ll also find special worksheets you can use to compile a summary of your Starter Notes and outline your customized internal marketing action plan.

Instructions:

Take a few minutes to identify how your organization practices each of the Rs in the 3 Rs Formula for gaining employee commitment. List all relevant activities and efforts (current and / or planned) that apply to each question below.

a) How does your organization show **Respect** for employees?

b) How does your organization **Recognize** employees for a job well done?

- c) How does your organization **Reinforce** a customer-focused culture?