Voice of the Employee:
More Than Just Measuring Engagement

INTRODUCTIONS

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Why Employee Programs?

Companies that ask for and act on **employee feedback** see close to **50% higher employee engagement levels** than those that don't.

Medallia Frontline Panel Study, 2016

"**Employee engagement** plays a **vital role** in building **customer loyalty**. Engaged, loyal employees reduce costs, improve productivity, and **come up with more creative ideas**."
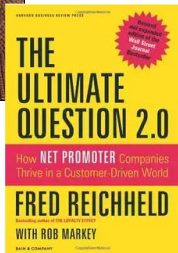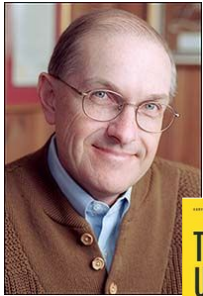
- Fred Reichheld
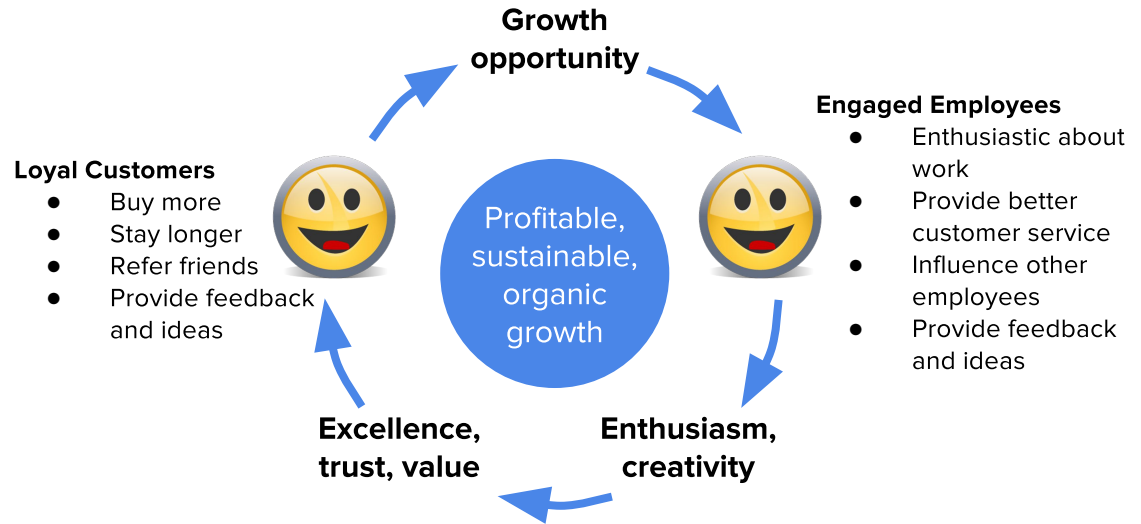Author and Creator, Net Promoter System
Founder, HuddleUp

ENGAGEMENT IMPACTS CUSTOMER EXPERIENCE

Business units with top quartile employee engagement see…

10% higher customer ratings

… compared with business units in the bottom quartile.

The Promoter flywheel

Growth opportunity

Loyal Customers
- Buy more
- Stay longer
- Refer friends
- Provide feedback and ideas

Profitable, sustainable, organic growth

Engaged Employees
- Enthusiastic about work
- Provide better customer service
- Influence other employees
- Provide feedback and ideas

Excellence, trust, value

Enthusiasm, creativity

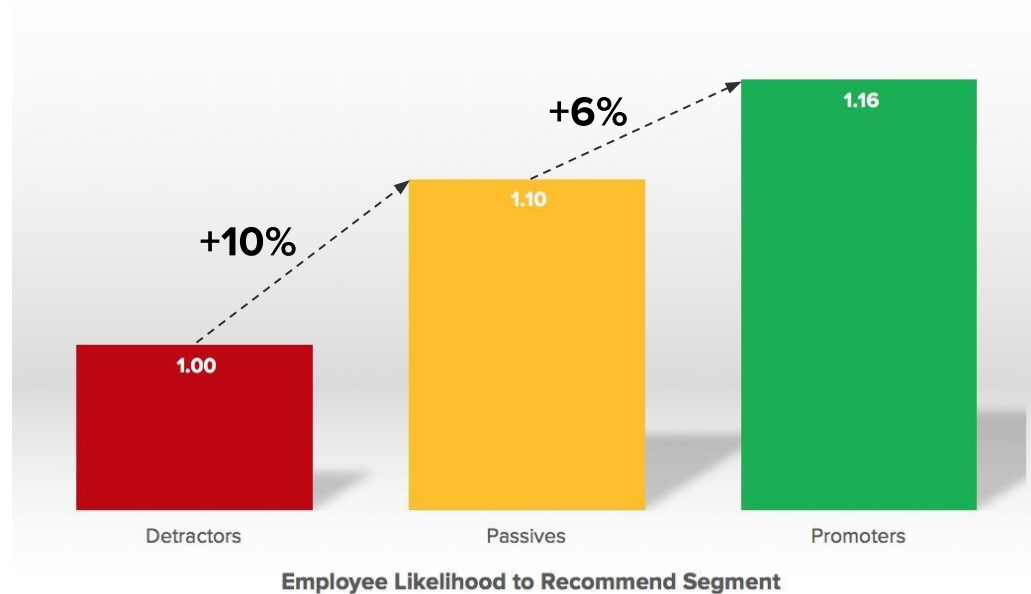Sources: Bain & Company, Fred Reichheld. Gallup Studies, 2016.

QUANTIFYING THE IMPACT OF EMPLOYEE EXPERIENCE ON CX IN RETAIL

Average customer NPS tied to individual employees

Index: 1.00 = Average customer NPS associated with employee detractors

+10%

+6%

1.00 — Detractors

1.10 — Passives

1.16 — Promoters

Employee Likelihood to Recommend Segment

<u>Note:</u> The results reported in the figure are based on regression analyses controlling for employee demographic variables (gender, age), employee characteristics (tenure at current company, sales/services function), store location, and brand of product. $p < 0.05$

Source: Medallia Institute Study, 2016
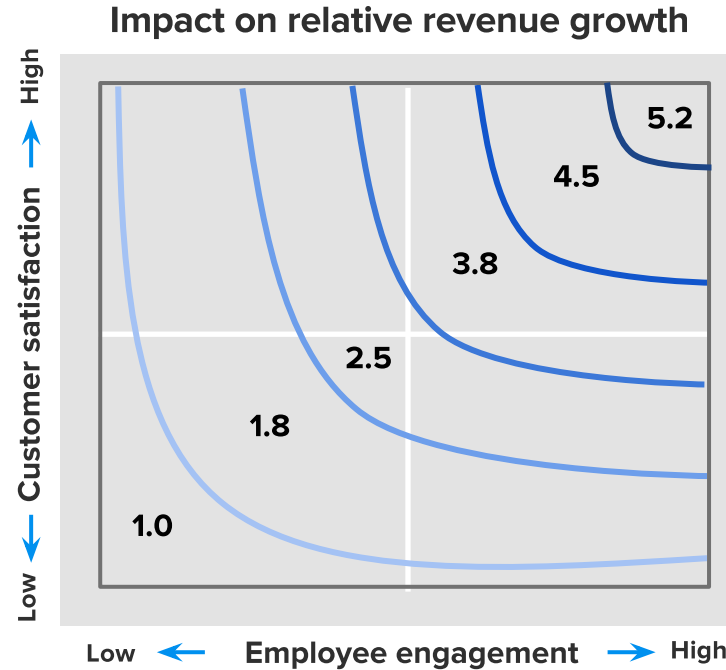
ENGAGEMENT IMPACTS CRITICAL OPERATIONAL METRICS

Business units with top quartile employee engagement see...

- 17% higher productivity
- 70% fewer safety incidents
- 41% less absenteeism
- 14-51% lower turnover

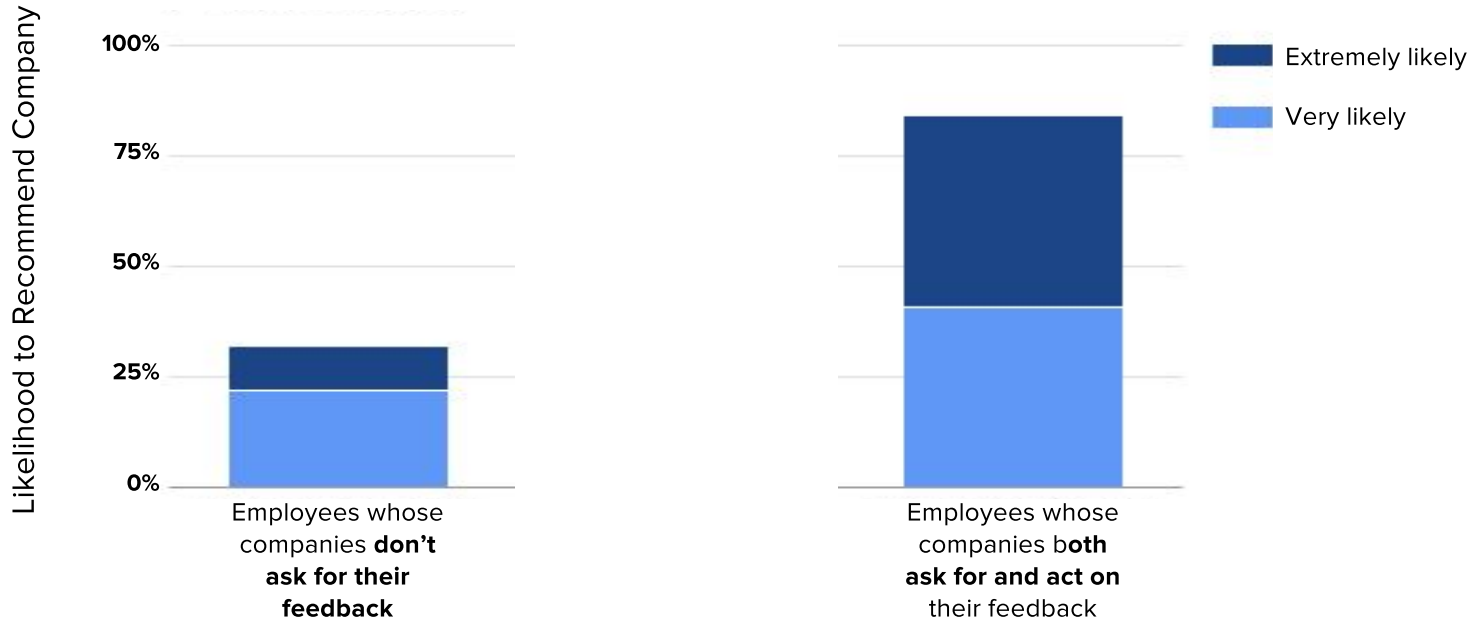**... compared with business units in the bottom quartile.**

Sources: Harter, Schmidt, Hayes (2002), "Business-Unit-Level Relationship Between Employee Satisfaction, Employee Engagement, and Business Outcomes: A Meta-Analysis", Journal of Applied Psychology. Gallup Studies, 2016.

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THE CUSTOMER-EMPLOYEE ECOSYSTEM: REINFORCING BEHAVIORS AND EXPERIENCES GROWTH / PROFIT

Impact on relative revenue growth

Customer satisfaction (High / Low)

5.2

4.5

3.8

2.5

1.8

1.0

Employee engagement (Low / High)

Source: Fleming, John and Jim Asplund (2007). Human Sigma, Gallup

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THE IMPACT OF ASKING FOR (AND ACTING ON) EMPLOYEE FEEDBACK ON ENGAGEMENT LEVELS

Source: Medallia frontline panel study (n=256, n=201, n=314), Top 2 ratings on 5-point scale

WHAT IS AN EMPLOYEE PROGRAM?
LISTENING TO THE VOICE OF THE EMPLOYEE *FROM ALL ANGLES*

TEAM ENGAGEMENT
Understand team experience

EMPLOYEE JOURNEY
Evaluate and improve key moments

CX LENS / VOCE
Solicit employee ideas for CX improvement
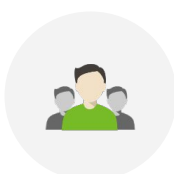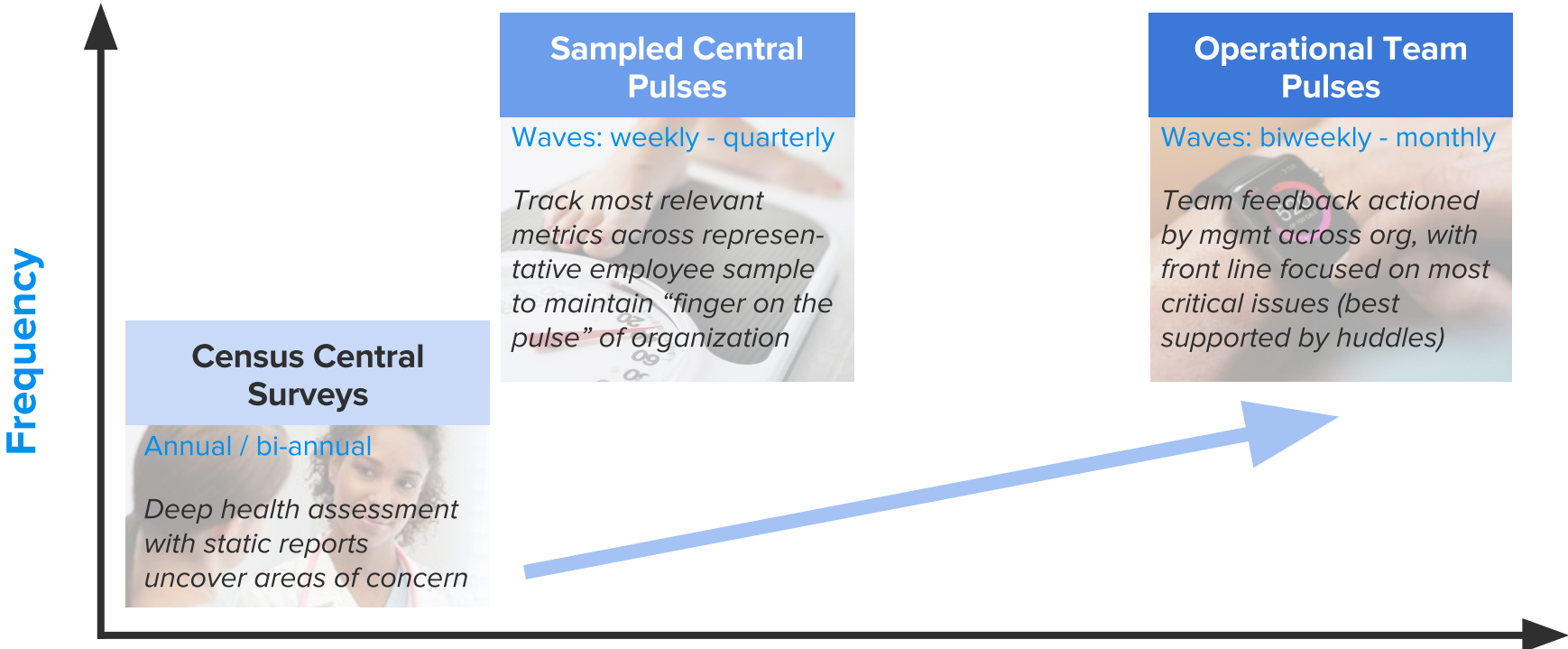
A COMMON COMBINATION APPROACH: COMBINING A CENSUS SURVEY WITH TEAM PULSES

1 - 2 x per year

Center sets parameters
- Adjustments to program
- Follow-up on actions taken

4 - 12 x per year

Pulse results centrally analyzed

Pulse Launched
- Cadence matches team's pace of change

Teams Huddle
- Surface issues
- Set goals / priorities

Teams / Depts Take Action
- Team accountability
- Focus on priorities

In-depth study launched

Results and action plans communicated

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TELCOCo RUNS PULSES ON MONTHLY BASIS, WITH COMPULSORY TEAM HUDDLES ACROSS ORGANIZATION

Case Study: TelcoCo

Monthly
Survey frequency

7
Number of questions

~80k
Employees

Company eNPS
Main metric

5
Minimum response / team

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EMPLOYEE JOURNEY: EMPLOYEES EXPERIENCE THEIR ORGANIZATION AS A COLLECTION OF TOUCH POINTS ALONG A JOURNEY

Sample Touchpoints

Erin Employee

Internal Services

Onboarding	Training	IT Helpdesk	Promotion	Recruiting
How is Erin feeling about her new job in her first month?	As she goes through various trainings, how effective are they?	How can the company reduce friction in getting Erin back to work faster?	How has Erin's support/training been during her transition?	What are her challenges in hiring a new team?
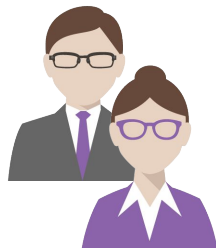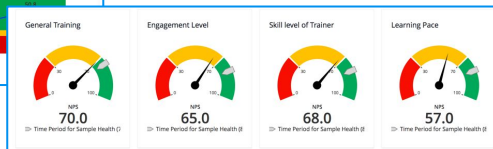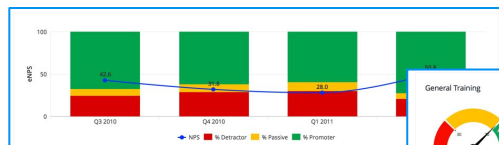
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TECHCo RUNS A CANDIDATE SURVEY PROGRAM TO INFORM ALL STAGES OF RECRUITING

Post offer / pass
Event-based survey frequency

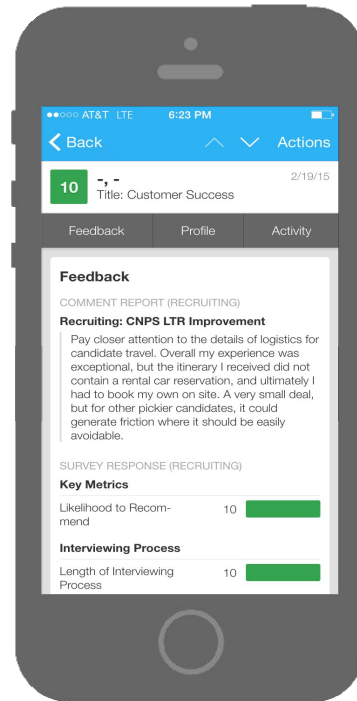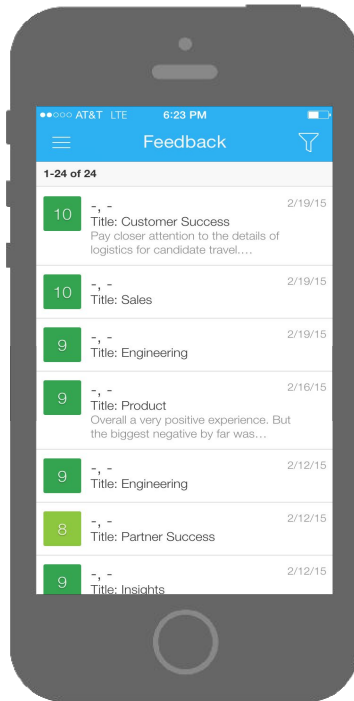## 5
Number of questions

NPS
Main Metric

27%
5-day response rate

Recruiting
Ownership

CX LENS / VOCE: EMPLOYEES PROVIDE DIRECT LINE-OF-SIGHT ON BOTH CX AND THE CULTURE AND PRACTICES THAT AFFECT IT

Customer Experience

- Customer survey responses
- Customer service metrics
- Customer problems and issues
- Customer needs
- Customer sentiment
- New ways to deliver customer value
- New ways of doing work

EMPLOYEE

Organizational Service Climate

- Stated values re: customers
- Cross-functional collaboration
- Work policies & processes
- Information Systems
- Training & Development
- Leadership direction & support
- Team trust
- Product issues
- Employee sentiment

Case Study: RetailCo

Fluid
Frequency

15
Number of questions

~35k
Employees

SKU
Level of focus

Merchandising
Ownership

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Questions?

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