

Your message inside goes outside: how employees are treated within the company dramatically affects customer satisfaction and profits

Patricia Childers

An organization's market and financial success are determined by the level of employee engagement, according to the recent study, "Linking Organizational Characteristics to Employee Attitudes and Behavior," by the Evanston, Ill.-based Forum for People Performance Management & Measurement. The research, conducted by James Oakley, assistant professor of marketing at Purdue University's Krannert School of Management in West Lafayette, Ind., focused on employees who did not have direct contact with the customer, and found "there is a direct link between employee satisfaction and between customer satisfaction and improved financial performance."

The Oakley research also confirms that employee satisfaction is a necessary antecedent of an engaged employee, which is measured by the employee's degree of motivation and sense of inspiration, personal involvement and supportiveness. "Organizational culture is another significant driver of employee engagement and includes management designing jobs well, providing support and setting goals for employees," says Oakley.

"The engaged employee is oriented to providing good service and answering customer questions, which gives the customer a voice inside the company," says Oakley. "A customer whose voice is heard inside the company drives profit by being a repeat customer and bringing in new customers by word-of-mouth, which has a high degree of credibility."

The Forum study found that organizations with engaged employees have customers who use their products more. This increased level of customer usage leads to higher levels of customer satisfaction. The study also found that satisfied employees see their positive attitudes transferred directly to satisfied customers. Since positive customer satisfaction is essential to an organization's financial well-being, employees should be motivated to focus their energy on the customer.

To improve customer satisfaction, all employees, not just the front line, need to be engaged in the company's mission. A good customer-service relationship with all employees promotes usage of the company's products or services. As Oakley notes, "In the end, customers who are satisfied with the organization's products are less expensive to serve, use the product more, and hence, are more profitable customers."

Established Benchmarks Boost Performance

An organizational culture that disseminates necessary information to its employees, and receives information back, creates an environment where employees feel valued.

Jean Neumann, chief officer of marketing, for 500-employee Neumann Homes Inc., based in Warrenville, Ill., attributes the company's success to its upward and downward communication strategy. "Since all of our employees are involved in the buying process, we have monthly rewards for top performers in all areas, not just for sales employees. Based on a number of variables, we have established benchmarks for quality, bill turnaround, HR recruiting and retention, and more," Neuman says. "For example, we review how many days were forecasted for construction of the home, and how many were actually needed."

To determine customer satisfaction, third-party surveys are sent to the buyers after they have officially "closed" on their home. Employee attitude and demeanor, the customer care team, walkthroughs, the sales process and warranty concerns, among others, are areas covered by the surveys. Improvements and modifications to internal and external employee motivation programs are then adopted to provide future customers with the best home-buying customer service experience possible.

Targeted Training Enhances Sales

"Training is an important part of the sales process," explains Neumann. "Every member of the sales team must complete a Neumann University sales certification course, specifically designed to guide the home buyer through the buying process. We have nine specialized teams within the organization to make certain every part of the process is covered."

The steps Neumann Homes has taken to create training programs, as well as communication and employee recognition strategies, are viewed as crucial investments in the business. The company has created an organizational culture that values employees, improves decision making, and

increases autonomy, job satisfaction and profitability.

In fact, many of the Forum study findings are practices that Neumann Homes has already put in place. For example, according to the Forum study, "Human resource initiatives aimed at providing employees with the necessary skills and tools to deliver customer value cannot be viewed as costs, but rather must be regarded as investments with high and measurable returns."

The Forum study also concludes that "what is clear from this research is that employee satisfaction and employee engagement are important attitudes for managers to understand as they each influence critical market out-comes directly and, in turn, indirectly influence an organization's financial performance."

Without customers, a company ceases to exist. Employees have a direct effect on customer attitudes, behaviors and retention. They must provide a voice for the customer within the organization because the message inside goes outside and is reflected in market and financial success.

Author's Note: The Forum for People Performance Management & Measurement Executive Summary, "Linking Organizational Characteristics to Employee Attitudes and Behavior--A Look at the Downstream Effects on Market Response & Financial Performance," is available at www.PerformanceForum.org.

The James Oakley research summary, "Purdue Research Links Employee Satisfaction, Profits," is available on the Purdue University Web site at www.Purdue.edu.

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