

DESTINATION **excellence** INC.

**Increasing Organizational Performance
Through Employee Satisfaction**

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"My father and mother coined the phrase, 'Take good care of your employees, and they'll take good care of your customers.'" (Forbes.com, "The Good Life, Bill Marriott's Way," by Robin Meredith, April 12, 2005). Successful leaders understand customer satisfaction begins with treating employees well.

Much has been written over the past number of years providing insight into the quantitative and qualitative linkage between employee satisfaction and customer satisfaction (and, of course, customer satisfaction to profitability, with the latter providing the genesis of NPS). Establishing an environment where employees can thrive should be a strategic priority for your company. Employee satisfaction is a critical component of your customer service, hence customer satisfaction. When your products do not perform as expected, your people are your last line of defense. The personal interaction with your employees both humanizes your product and your company. Your people can dramatically shape the customer's perception of both your products and your company.

Where Leaders Get it Wrong

It is not that leaders disagree with the importance of employees in the success of their companies (how many times have we heard that the best assets of the company ride the elevators every day). It is, in most cases, the emphasis placed on tapping the full potential of employees is lacking. Instead of releasing the potential of employees, policies and procedures meant to provide guardrails in the business actually restrict the productive energies of employees.

For example, using policies and procedures as guardrails (restricting) rather than guidelines (freeing) send a very direct message to employees and customers. That message is the company does not fully trust the employees or customers. Restrictive policies and procedures attempt to insert company leaders into every interaction. The employee feels powerless, and the customer becomes frustrated (customers hate to hear, "I am sorry, those are our policies and I can't do anything else for you.").

In addition, new policies are put in place when it appears that a single case may have slipped through. Policies create a life of their own until they have a chokehold on employees. This diminishes an employee's enthusiasm for their company and their job.

Of course, employees must be trained on how to detect fraud or misuse by customers. It would be ridiculous not to. However, using guidelines to manage the system (including metrics that can be monitored) gives employees more freedom to meet customers' individual needs.

For example, when I was given a customer complaint group to manage, there were very restrictive actions employees could take. The policies in place required customers to provide documentation, which were followed by an internal investigation before the customer can receive a response (any response, either accepting or denying their request). The communication to the customer was clear, that the company didn't trust them, and the policies reinforced the same mistrust for the employee. By training the employees to recognize appropriate compensation for customer inconvenience, giving employees discretion, and measuring both the average time to close a case and the associated costs, customer reimbursement costs were reduced by 75%, while significantly reducing the time it took to resolve the customer's issue from 30 days to 4 hours. This not only improved the customer experience, but the employee experience as well.

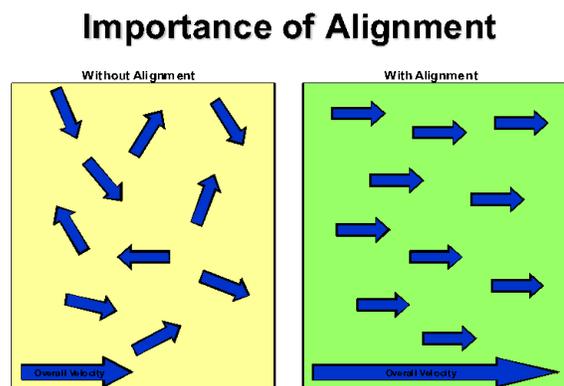
Establish a culture and environment to be employee friendly, aligning the employee experience with the customer experience, and the company's objectives. Companies with the highest customer satisfaction scores have high employee satisfaction scores. While each culture is different, it all starts with aligning the employee culture with the desired company culture and customer experience. Southwest Airlines is fun and energetic, USAA is caring and respectful, Chick-fil-A is family oriented and hospitable, and Apple is innovative and creative. This is not to say that these companies are singularly focused. Each is also highly profitable and financially outperforms their peers. They support their employees, coupling that with high expectations for behavior and results. Creating a focused and supportive culture is the foundation for each company, and their means to building long term differentiation.

The 4 Cs

Business leaders must cultivate an environment that is supportive of employees and *act* consistently within it. Creating that environment (along with supporting actions) are the responsibility of *all* the leaders *throughout* the organization, not just those in the C suite. That consistency creates alignment throughout the organization. Every employee must know, not just the mission of the company, but how they individually fit within that mission. They must know how their job contributes to the financial objectives, customer experience intentions, and the overall work environment. This creates alignment throughout the organization.

Alignment is extremely important and powerful for an organization. Aligned teams are highly effective. They are focused on the right things, and do not waste energy on

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their own commitments to the team, improvements occurring as promised, and a genuine interest in individual input, trust grows exponentially (for an additional introspection of the importance of trust, see Stephen M.R. Covey's book, "The Speed of Trust.").

There are a number of ways to implement communication within the organization. *One is to be in the new hire training on the first day and the last day.* The first day is focused around communicating the organization's history (reinforcing new hires are part of something bigger than themselves and is ongoing) and the operating philosophy of the organization (providing a lens by which to interpret information – key portions of which are covered in sections that follow). Of course, all leaders in the organization should be invited to participate in some portion of training. This serves to put a face to a name, and to make people in the organization more approachable. Supplemented by leaders being visible within the business on a regular basis (what used to be termed, Management by Walking Around) and personal responsibility builds. While leaders cannot spend one-on-one time with all people in the organization, they can spend time with key people, and be visible to others. *Communication flows best when leaders are visible.*

Employee led committees are a great way to address workplace needs. Before establishing employee led committees, though, you must invest in the committee members. Do not think that people automatically know how to work as a group and how to approach issues. Train people in group dynamics (elect a leader, ensure participation, and keep an open mind to any idea). Also, train the team in testing the efficacy of their outcomes. Do they create win-win-win solutions benefiting the people, customers, and shareholders (more on this approach later)? Are their solutions that can benefit all groups?

For example, if an attendance policy isn't working well, have the people who live with it develop the solution. Doing so can fundamentally change in the way people perceive the policy. People may perceive the attendance policy as an attempt by the company to save money. In fact, you may guarantee people get paid for a certain number of sick days whether they were used or not (paid out at the end of the year for any unused sick days), or they can use the time as flex time (not specifically for sick time). In both cases, attendance has no financial impact. Communicate that the attendance policy actually protects people from who have unnecessarily high absenteeism (the work still has to be completed real time, so if fewer people are there, the people who are there have a heavier workload). This dramatically changes the viewpoint of people, and they are more likely to align with your vision. With this new perspective, your employee committee is better equipped

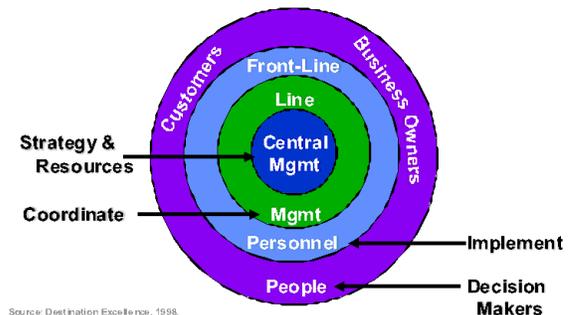
to take into account the impact of the policy on high performers and low performers, young single people, married people, single parents, people more mature in their career. In addition, committee members become advocates with others to communicate the intent of the plan to get others on board. This works for any policy within the company.

The objective for employee led committees is to create a policies that work for as many people as possible while maintaining overall business objectives. When committees works to maintain a balance in business objectives and create policies that are equitable across constituencies (people, customers, and shareholders), they become more aware of the challenges in the business and the though process used in addressing those challenges. The point of the participation in the business creates communication around the policies, an appreciation for the challenges in creating equity in outcome, while expanding advocates in the business.

To make communication *most* effective, companies must adopt a non-hierarchical organization philosophy. *A non-hierarchical organization is on where every role is important and whose success depends on everyone conducting their role effectively.*

If every role is important, why do different roles get paid more than others? One analogy is that of a football team (apologies to non-sports enthusiasts). In football, every role is important. If a lineman doesn't do what is needed because they don't feel it is important, the running back or quarterback is impacted (literally). If a wide receiver doesn't run a certain route, this can impact the success of the play. Having said this, the quarterback is paid more than the other players because they play a central role in crafting strategy and assigning resources (to put it in business terms). While every role is important, roles are compensated differently.

The Concentric Organization



A non-hierarchical organization is best represented by a series of concentric circles representing a concentric organization. A concentric organization is one where roles, responsibilities and expectations of the different groups vary but are dependent on one another. At the center of the circle, leaders establish the strategy and objectives for an organization while obtaining the resources necessary to accomplish those objectives. People in the middle of the organization communicate the vision and coordinate resources. Front-line leaders coordinate the

implementation, and front-line personnel make decisions on a case-by-case basis for implementation and delivery (to impact the constituent groups of people, customers, and shareholders).

It is important to be clear that the organization does not rely on one-directional communication (in other words, from the inside of the circle out). The best organizations rely on strategy, coordination, implementation to be done with feedback, or two-way communication. This purpose of feedback is to provide more complete information to shape, change, and reconstruct efforts to maximize the success of every activity and the organization as a whole. While groups maintain their authority and responsibility for their outcomes, like any championship team, communication between team members increases the success of the team as a whole.

Communicating the concentric circle organization structure allows individuals and teams to better understand each position's role and responsibility, the interdependence between them, and to gain a different perspective of the importance of their individual role in achieving the company's objectives. Having the perspective of relying on one another to perform their roles effectively increases collaboration, communication, and accountability. This shift in perspective provides a powerful force in the transition of the company to a high performing group.

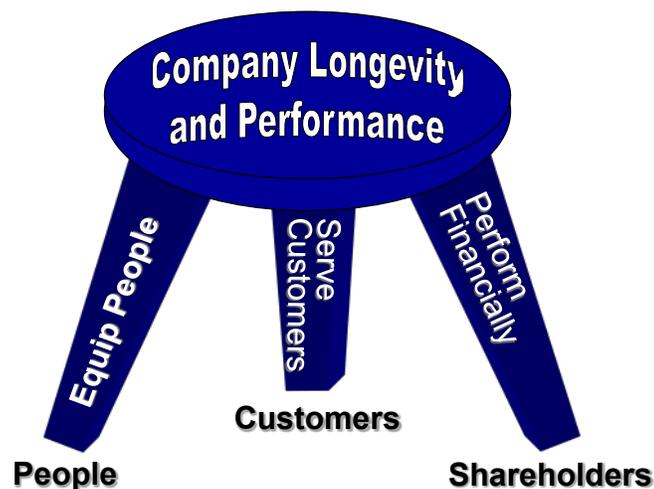
Leverage communication among the team both formally and informally to maximize effectiveness. *Formal methods included strategy sessions with all personnel, team meetings, coaching, training, suggestion boxes, and committees. Informal methods included skip level meetings, lunches, side-by-side sessions, and hallway conversations. Use instant messaging, internal social networking sites, online forums, email, web presentations, online meetings, and in person meetings (or whatever works for you – remembering that varying the use of media positively impacts the reach of communication).* These communication methods do not abandon organizational responsibilities (avoiding the chain of command subverts the communication process), rather reinforces the philosophy of open communication.

2. *Connected* – Just as a mountain climbing team (think of Mount Everest). Members are tied to one another creating both reliance for success and preservation, any successful business system must connect all team members. *Establish common goals, insure consistency across various positions in the organization, create leading indicators (metrics) related to those goals, align training in support of achieving goals, and plan events to celebrate achievement.*

Connection reinforces trust within the organization. Trust within the organization drives performance and momentum. Look for areas that are not well-connected within your organization. These are not hard to identify. Look for high levels of distrust, areas where leaders and their team are not measured on the same outcomes or have different strata used to define success, provide anonymous surveys to identify where people feel that their leader is not committed to their success, identify where there is backstabbing within in the organization (people attempting to make themselves look better than their peers), and find areas of low engagement. To begin to address these types of issues in the business focus on the following areas:

- **Balanced** – Ensure there is a *balance* in the business objectives within the group. Balance is defined as success being achieved only where there are win-win-win solutions. Win-win-win incorporates people (I prefer to use the term people instead of employees for two reasons; (1) people is more encompassing of contractors and other groups that should be aligned and (2) *people is a more empowering term where employee evokes feelings of lack of authority which disconnects people*), customers, and shareholders. The long-term viability of any organization relies on the ability to continuously satisfy the needs of these three groups. Ignoring (or not placing the correct emphasis) on any one group will, at best, create imbalance in the business, and at worst cause failure (either because people won't work there, customers won't buy there, or investors won't invest there). The following three-legged stool illustrates this point.

Performance Balance



Every constituent group must have associated metrics to support the focus of every team member (hence, comprehensive). Metrics should be categorized by the constituent group(s) they support. *Team members must understand the purpose of the metric and how it connects to the goals for the organization.* For example, in the prior section regarding the attendance policy, attendance is a people metric and is included in the people section of every evaluation (recognizing that chronically absent employees cause their work to be absorbed by other employees). As people began to understand the measurement of attendance was centered on our people's satisfaction with their work environment, attendance improved and an increased sense of team was created within the organization.

This approach allows for some creative compensation methods. As financial (shareholder) and customer satisfaction (customer) performance improve, so should compensation (e.g., increased bonuses for people, as well as merit pools). Compensation systems should be established such that, as the net benefit to the business increases the net benefit to people increase. This approach generates significant energy from people to drive performance, which benefits the shareholders (more profit) and customers (better service – assuming the compensation system is comprehensive).

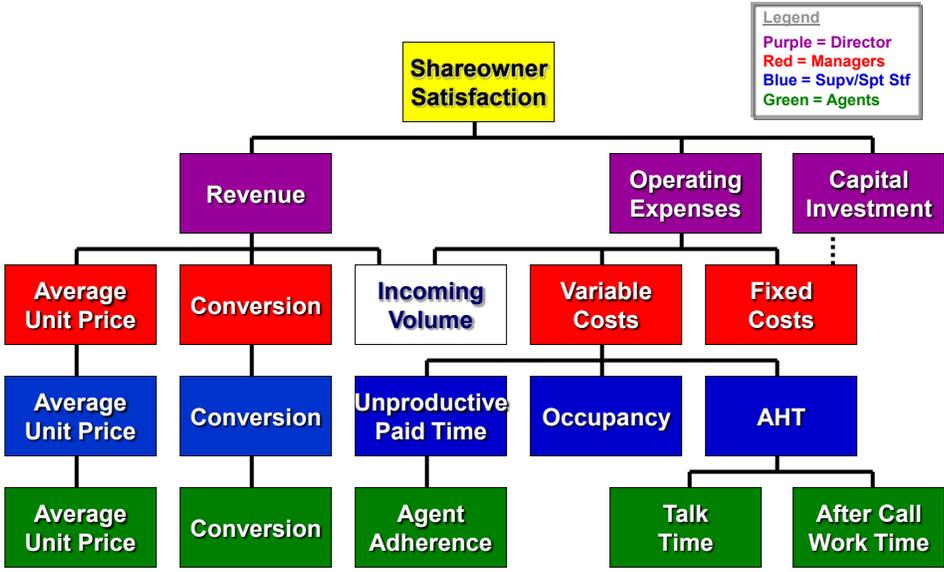
In terms of organization impact, the compensation system is no small thing. If the compensation system is set up correctly, companies can remove caps on bonuses and merit pools (heresy for some). Of course, people like the potential to earn additional money. More importantly, when the cap is removed, people feel they are being treated equitably (they feel executive bonuses aren't capped based on the amounts paid, and they know that shareholders receive the benefit of additional profit). Of course, any compensation system must be aligned to the company's or team's objectives.

Consider an example. If 10% of incremental improvement is set aside for compensation, the company receives 90% of the improvement (and customers were better off), why would you ever want people to stop improving? In other words, why would you want to create a disincentive for improvement beyond a certain limit? If everyone does better, isn't that the epitome of the win-win-win scenario? The role of leadership becomes to see that every individual can make as much money as possible (through the bonus system) because the compensation system ensures the company always benefits. This message alone is a game-changer and its impact cannot be underestimated!

- *Mathematical – One of the most powerful exercises is to show how each persons' metrics were tied to the success of their leader, and eventually the company.* Showing this direct connection helped people see that their measurements were not only objective but shared with others in the organization.

To illustrate mathematical connection, a waterfall chart for each constituency (people, customers, shareholders) illustrating visually how each individual's metrics are tied to their manager's and then to the company as a whole should be developed. By showing the direct association, this shows the clear connection between people and groups throughout the organization, and opens an avenue for communication for input on metrics from the people being measured (as long as the connection is maintained). The following is an illustrative example of a simplified waterfall chart for shareholder satisfaction (this example is specific to contact centers, but can be replicated for any environment).

Shareholder Measures



Source: Destination Excellence, 1999.

The power of this approach is that it drives a deeper understanding of the business, its strategies, and communication between groups. Front-line people understand the business better than ever before. I remember a celebratory dinner we had for the team at one of our sites. Our CMO sat at a table filled with front-line people. As the CMO started a general discussion about the business, the front-line team jumped in to ask questions and give their opinion. The CMO was floored at how well the team not only understood the business in general, but also specifics about our marketing strategy, positioning in the marketplace, and what could be done to drive

additional market share. People took an interest to learn because we took an interest to engage, teach, and tie their compensation to their contribution to the success of the company.

- United – It was not enough have connected metrics, but the performance thresholds associated with the metrics had to be aligned as well. Very often people have an experience of having different thresholds than their leader. For example, if an agent had a conversion goal of 25%, their supervisor may have a goal of 23%. The “logic” applied was that the leader of the group had to offset their metric with potentially underperforming agents. However, this sent the message that (1) the business expects people to fail (and unwilling to provide the resources to help people succeed), and (2) leaders were held to lower expectations than their teams. This only serves to create mistrust and energy in the business. Metrics work best when people view that they are all in the same boat and if the boat goes down, they all go down (think Captain Hernán Cortés).

The united connection between leaders and teams is encapsulated in the phrase, “Every team leader succeeds only when their team as a whole succeeds.” People know when they received coaching, the coach had a vested interest in that individual’s success. That knowledge changes the nature of every conversation. Uniting positions with goal expectations increases cooperation, trust and alignment, and therefore the velocity of the organization.

- Instructional – When people see how their individual metrics were connected to the success of the organization, and that goals were aligned, you need to be able to show team members we were committed to equipping them to succeed. Connect the constituency to business goals to their individual goals to how you support people in achieving their goals.

One way to accomplished this was to show linkage between the goals of the company, executive business measures, individual measures and training available in support of individual metrics. The following is a simplified chart illustrating this connection.

Constituency	Business Measure	Agent Measure	Skills Training
Customers	Revenue	Per Call Measures	<ul style="list-style-type: none"> ▪ Identifying Needs v. Wants ▪ Upselling ▪ Closing the Sale

	Retention	Quality Monitoring Scores	<ul style="list-style-type: none"> ▪ Communication Skills ▪ Listening ▪ Vocal Presence ▪ Defusing Angry Customers
Business Owners	Operating Expense	Talk Time	<ul style="list-style-type: none"> ▪ Controlling the Conversation ▪ Hard Skills Training
		After Call Work	<ul style="list-style-type: none"> ▪ Time Management
	Capital Investment		
People	People Satisfaction	Attendance	<ul style="list-style-type: none"> ▪ Health & Fitness
		P&P Adherence	<ul style="list-style-type: none"> ▪ Managing Obligations ▪ P&P Training ▪ Workplace Principles
		Committee Participation	<ul style="list-style-type: none"> ▪ Group Dynamics ▪ Development Opportunities
	Turnover		

There are a number of advantages to this approach. First, it helps focus training to specific, measurable outcomes. Trainers can then be measured on new hire and other class performance specifically, rather than just on surveys (surveys can still be used, but often don't provide much insight as to their efficacy because often people just like being in training rather than work). If desired outcomes (metric improvements) are not met, the training team, along with others in the organization, can rework materials until desired outcomes are met.

As each team leaders coach team members, areas that need improvement can be tied directly to refresher courses. In fact, people will often self-identify the needed courses. In addition, team members who outperform on select metrics can become subject matter experts for training developers as well as peer coaches for other team members.

- Celebratory – An important element with any team is the celebration of success. It is critical to celebrate each win and not wait for the end of year championship. Celebrate true success when the results are clear and above expectations. Allow recognition to occur soon after the success occurs, otherwise the sense of success is diluted.

Celebrate success daily, weekly, monthly, quarterly and annually. Celebrate all achievements, especially when they contribute to one of the stakeholder groups. Celebrate at the individual, team, group and organizational level. Recognition should include financial and non-financial means. Celebrations can be a simple note to someone highlighting their performance, be it from a peer, team leader, or anyone

else. Some of our larger rewards were expense paid trips to Hawaii and other destinations. Recognition should be meaningful and in proportion to the achievement. The audience in the celebration should include those who benefited from the accomplishment (the group cheering the results had to include the recipients).

Leaders in business often focus past failures and the future rather than reflecting on past successes. While it takes considerable time to plan and be involved in celebrations for individual team members, that investment pays back handsomely.

3. *Community* – People have an inherent desire to be part of something larger than themselves. Make your workplace a community to address that desire (of course, people can be part of several communities in their lives but seeing work as a community is powerful). Being part of a community is more than just being a member. It also entails a feeling that others are committed to your success, seeks your participation and input, and cares about you as an individual.

More than focusing on metrics, people want to participate in the being part of the workplace community, including helping develop and maintain the guidelines and activities for the organization. While business is not a democracy, creating an environment where input from individuals and teams for the operation of the business is welcomed is essential. Create committees (discussed previously), hold skip level meetings, and make sure to have as many informal conversations as possible to generate that community (also encourage your leaders and others to do the same). Create an environment where people feel their ideas were not only accepted but will be seriously considered and, at times, implemented. Give people a direct stake in the operation of the business. Creating an environment where people learn from one another creates and develops a powerful and effective team.

Replace your policies and procedures with principles and practices. This may seem as a slight change in wording, and this view would be incorrect. Policies and procedures are written to create limits on people. Principles and practices invest people into the principles of the business. Principles and practices educate people on how to think about the business and express trust in people to uphold the principles through behaviors that reflect agreed upon principles. This approach empowers people to do what is right for the business.

Articulate a set of principles by creating an objective context by which people evaluated each practice. As people understand the intent of practices, they know they can discuss how better to achieve principled goals. Using principles and

practices both educate people on the business and community, while leaving the door open for discussion on potentially better ways to enact a principle. Such discussions take place in the context of the principle and create open and honest conversations making agreement/understanding/alignment more likely to be achieved.

For example, a principle may be the company exhibits high levels of professionalism in all that they do. This would include professionalism towards customers, and towards team members. It could also include professionalism outside of work in social media and other sites (knowing it is not difficult to link people back to their employer). Practices may include the commitment to job training, on the part of the company and the individual. The company is committed to making relevant training available to people, and to give people sufficient time to complete the training in the intended period. Personal development may be another practice. The company may provide extensive courses and tuition reimbursement for people to develop themselves outside their job. People must agree to participate and leverage these resources (otherwise, why would the company provide the resource?). Another practice may be the professional treatment of customers. This may include tonality when communicating with customers, how to handle an upset customer, escalation procedures, meeting commitments to customers, as well as other areas. Clearly, the number of principles and associated practices can be significant in number. The key is to make them educational and informative while leaving room for personal judgment in cases that require it.

Developing a community incorporates the other Cs. Sharing strategy, gaining input from people helps illustrate a community organization. Connecting objectives makes a community. Celebrating other's successes brings a community together.

One of the unexpected benefits of the development of the community is that people start to truly care about each other at the personal level. Teams reach out to sick team members to provide meals, participate in fund drives, and share photos of personal achievement. Teams participate together in non-profit activities and events outside of business (they can also as part of your business). People attend graduations, birthday parties, and celebrate personal achievements outside of work. You will find many of the people who no longer work together remain in contact with one another.

4. *Continuity* – Every individual desires to continuously grow and develop, and to feel a sense of accomplishment every day. When people find they cannot grow in the workplace, they become stagnant. When they become stagnant, they eventually

leave. Commit to investment in people and to have a work environment where people feel they can grow, develop and gain a sense of personal satisfaction.

Continuity provides training and experiential opportunities for growth both within the company, and beyond the company. Growth within the company includes lateral assignments and promotional opportunities. This strengthened people's skills for their job, preparing them for their desired career path, and helping develop their personal skills. People don't compartmentalize their work and personal lives. To the extent you can improve someone's personal life through training and experiences, they are better off overall, which ultimately benefits the business.

Realize not everyone has a desire to move up in the organization, and that their development goals were not always work related. People want to learn and grow, and that is a human condition. The key is to tap into a person's personal vision and see that the business supports their development, both inside and outside the business.

Create personal development curricula that address both career and personal development. Some classes may be strictly related to business. Other classes may be related to personal development (money management, personal safety, new technology applications). Most classes are dual purpose, having both personal and professional applications. Ensure courses contain both a personal and business application, when possible. For example, communication courses can include how to speak with a client, but also include how to diffuse conflicts at home. This approach not only helps people individually, but also increased retention.

Recognize opportunities within your business are limited. After all, the organizational pyramid is steep. Providing regular and intentional development opportunities will cause people to stay longer (i.e., attrition declines). As long as people feel they are provided the opportunity to develop skill sets relevant to their next step, even if it is outside the company, they will stay longer.

A Case Study

During my career, I took on a role as an executive in a major international hotel company and was immediately faced with a unique challenge. Of the seven divisions in the company (five of them geographic, one for support, and mine, central reservations), I had inherited the one that was the poorest performing in terms of employee morale, less than impressive customer satisfaction scores, and negative margins. The division was thought of so poorly, the company was in secret talks to sell the division to an outsourcer just to relieve itself of its headache. With twelve global central reservation

locations (only two in the U.S.) 1,200 employees, and time pressure, I had my work cut out for me.

To save the division, I knew I had to make significant progress in all areas quickly. I needed to restore profitability, improve customer satisfaction, and improve the satisfaction of our employees. I needed a leap in performance within the first six months to reach improvements performance levels such that the talks to sell the division would be put on hold. I knew if I did this and could in the twenty-four months reach world class performance in all areas, not only could we secure our future, we would also open new business opportunities for the team. Certainly, a lofty goal, but I have never been about just getting by, but in winning (being the best). Job security (not just for me, but I felt an obligation to create job security for thousands of people) is established when you are a differentiated leader.

Let me stop here and make an important observation. I believe what drives corporate culture is the assumptions people bring with them to the workplace. For example, if you think people work just for the money, everything will have a financial view attached to it. If you think people will always take the easy way out, your environment will be filled with audits and verification. Corporate culture is like the air that surrounds you. You go through each day without thinking it is there. And, the human condition is such that, when it stinks, we adapt to it and don't notice.

I knew a key to our success would be the assumptions I made about people when I approached the changes I needed to make in the business. One important assumption I brought with me was that, regardless if you were in the U.S. and outside the U.S people arrived at work every day wanting to do a good job. They want to make a positive contribution and have meaning in work beyond themselves. Sure, there would be exceptions, but we would treat them as exceptions, and not allow it to influence the way we treated all of our employees.

When I spoke to the leadership team about this, to be honest, not everyone was on board with these sets of assumptions. This is where difficult leadership decisions must be made. They have to do with alignment. When people think about alignment within an organization, they tend to think about alignment of metrics and goals. To be certain, these are important. More important is alignment of management philosophy. Management philosophy drives culture and conversation. If the management team is not aligned on philosophy, nothing else works well. Unfortunately, the management team I inherited were not all aligned with the philosophy that people came into work wanting to contribute. Where I saw this as fundamental to how we would operate the business, others saw it as naïve. I attempted to, but was not successful in getting them

on board. I had to choose between allowing those handful of leaders to stay and risking the future of the entire population of 1,200, or letting the leaders go. My management team turnover was 50% in the first few months. While the management staff was severely reduced, the team was *actually able to accelerate our progress* because we had greater alignment. The importance of alignment cannot be overstated. Like the vector diagram, by removing people (vectors) who work counter to your objectives, you increase the overall performance by reducing friction. So, while it is never easy to remove people from the business, such actions must be judged in the context of the health for the entire population.

The remaining team was one that was committed to approaching the business in a way that would support people. Of course, we would have a set of checks and balances in place, but these would be to take care of the exceptions (for example, I think people are generally good, but I still lock my car for the few who aren't). The focus on supporting people became fundamental to our success. In short, our performance improved significantly in all areas in six months, and within 24 months, we were profitable and led the company in people satisfaction and attained our highest customer satisfaction ever. I call this people centered approach the 4Cs.

To be more specific about the power of the 4Cs, within the first few months of my tenure, sales increased 10%, costs dropped by 10% and we began to see customer and employee satisfaction increasing. Importantly, improvements were dramatic enough to place the outsource negotiations on hold. The business unit saw continued improvements throughout the first year, and by the two-year mark, our margin had improved from -5% to 23%, we won awards for customer satisfaction, and became the number one division for employee satisfaction. Rather than being considered to be outsourced, we were asked to pursue outsourcing our services in the travel industry. We successfully implemented this over the next two years, with revenues equaling those for our internal operations.

Next Steps for You

Can this approach be applied to your organization? Absolutely! I have put forth this approach in companies within different industries and seen positive impacts in each one. The following are the steps I used, and you can use, to bring about change within your organization:

1. Create a waterfall of key metrics, starting at the top (company metrics) for each constituency group. This will be critical for a number of the steps that follow. Where applicable, show the interplay between metrics and drive metrics down to the

greatest detailed level. This allows everyone in the organization to connect, as some level, with metrics, and will be important for future actions.

2. Identify areas for greatest improvement. At least one area per constituency group is needed to reinforce balancing the needs of all groups. This will prepare leaders on how to engage in conversations with their team members.
3. Train people in the organization (all levels). This training should include:
 - a. An introducing to the construct of constituency groups, how the company serves each group, and the objectives for the company with each group. Introduce the concept of creating win-win-win scenarios.
 - b. A review of metrics associated with each group, and why the metrics matter. Are they leading indicators of other metrics or just sub-categories? How does improving the metric improve the company's goal with its constituent group? Equip people with the information and detail to assess company performance.
 - c. Analytics on assessing opportunities. This is not only a prerequisite for people who will be participating on committees, but also for people as they hear feedback from those groups. Train people on how to take an idea (or hunch) and analyze the impact of addressing an issue, the likelihood of attaining a desired outcome, and how to identify obstacles to attaining those results.
 - d. Finally, include team dynamics training. This includes leading teams, facilitating teams, participating on teams, presenting ideas, listening (yes, you have to train people on how to listen), analytical constructs, and communication.
4. Create employee-led committees. Take a few areas that were identified (in item 2) and create committees led by front line teams. Include managers as moderators. Teams may require more in-depth training on topics they select. The key is to allow the teams freedom to wrestle with the issues. Guide, but don't direct. Support the team with data and insight. Make it the teams' responsibility to review their recommendations with leadership, create employee communications, and roll out the program. While this may sound like a risky proposition, I have always found it to produce a high quality output that is resoundingly accepted in the organization.
5. Create performance evaluations that reflect the key metrics for each position. Establish goals that are clear and precise (even for qualitative objectives) and link between levels of the organization (in other words are the same up the chain).
6. Implement a regular employee satisfaction survey. Annual surveys are very detailed and provide significant insight into the work environment. Supplement annual surveys with quarterly surveys (monthly will feel a bit too frequent). Where the annual survey may be as many as 100 questions, limit the quarterly survey to 10 questions or less. Take key questions from the annual survey and validate they provide a leading indicator for the annual results. Make the results part of the performance evaluation for leaders.

7. Create a training syllabus linking objectives to metrics for job groups. Make it like a college curriculum, including prerequisites, schedules, course descriptions and desired outcomes. Track the performance of trainers against operational metric improvement. Include grades and certifications (and make that part of your promotion process).
8. Create a Principles and Practices manual. As was discussed previously, establish clear principles for the organization. Dive into your existing practices and determine which should stay and which should be eliminated. Develop clarity around each remaining practice. Provide the opportunity to gather input throughout the organization.
9. Learn to step aside. We are leaders because we lead. However, leading doesn't always mean being out in front. If you have trained the organization well and created a clear vision, you have to trust the process. There are many times you will have to step aside and let your people lead. Your objective is to allow the organization to change and evolve. Momentum is gained when people in the organization feel part of that change.
10. Prepare for fallout. Not everyone will get on board with a new approach. Understand that early on. Some people will exit the business either voluntarily. Make that transition easy for them and for the group. For those who have to exit the business involuntarily, do so in as humane and compassionate a manner as possible. Communicate clearly regarding expectations and give clear timelines. How you handle people exiting the business will speak volumes to those who remain.

No matter how you attempt to approach organizational change in as an informative, open, and supportive way, you will face obstacles. People may think the worst, not trust your objective (not uncommon in organizations where trust has been eroded), and attempt to subvert the process. These attempts to redirect the organization must be met with direct leadership, openness, and commitment to the end objective. People must know that this is not just another program that they can wait out, but a planned change in the business.

Anticipated Outcomes

Of course, every organization is different. Outcomes will depend on the starting point of the organization (the more challenged you are, the greater the improvements), how well leadership provides a commitment to a vision, communicates it, and supports the organization through the change.

My experience suggests an expected improvement would include:

- People Satisfaction: A 10% improvement in survey scores, a 10% reduction in absenteeism, and improvements in customer satisfaction and margin.
- Customer Satisfaction: This depends on how you measure, but easily, a 5% improvement in customer satisfaction should be expected (for example, if you measure on a 5 point scale and currently score a 3.8, you would expect to achieve at least a 4.0). You will also see an upsurge in customer compliments (while also seeing a reduction in complaints).
- Margin: This (obviously) depends on the type of organization (cost center, Sales center, retention center). For cost centers, costs will decline 6-8%. Sales will increase 5-10%. Customer retention will improve 3-5%.

(Note that the outcomes I experienced are wholly consistent with two HBR articles, James L. Heskett, Thomas O. Jones, Gary W. Loveman, W. Earl Sasser, Jr., and Leonard A. Schlesinger, "Putting the Service-Profit Chain to Work," Harvard Business Review, March-April 1994, p. 166 and Anthony J. Rucci, Steven P. Kirn, and Richard T. Quinn, "The Employee-Customer-Profit Chain at Sears," Harvard Business Review, January-February 1998, p. 91.)

Summary

For many readers, the 4Cs are not anything new, nor am I purporting they are. I believe every business leader understands the need for each element. The issue is not knowing what to do, but enacting the elements of the 4Cs in a purposeful and thoughtful manner. Most of this requires leaders to change from a traditional mindset to a trusting (truly trusting), engaging, empowering mindset. In summary:

- Communicate: Treat people as equal partners. Teach them how you think about the business and keep communication open to make them partners in the business. Hear the voice of the team and they will hear yours.
- Connect: Create performance alignment strategies that remove incentives for people to perform in ways consistent with business objectives. Create systems where people throughout the organization are aligned on success to accelerate performance.
- Community: Make the work environment a place where people feel it is an important part of their lives. Work should be a place where people feel they will be missed when if they are not there when they are supposed to be. The workplace should add to a person's feeling of belonging and importance.
- Continuity: Provide personal growth opportunities both personally and professionally to elongate tenure. Help them grow, evolve, and change to achieve their personal potential.

I have replicated this approach a number of teams, divisions, and companies. While results vary in improvement, they all improved. In each case, there was a willingness to be committed to full and complete communication within the group, to do the work of

connecting people to the success of the company, building a meaningful community, and to provide a promise of continuity for all people.