



Book Human Sigma

Managing the Employee-Customer Encounter

John H. Fleming and Jim Asplund
Gallup Press, 2007
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Recommendation

John H. Fleming and Jim Asplund make a convincing case for building quality into your employee-customer relationships. Their method parallels the way that Six Sigma emphasizes increasing quality by controlling defects in your manufacturing process. The authors – who generously explain a great deal about their program, but who also make the value of their consultancy’s services and research quite clear – show that it is backward to try to enhance your customer interface by eliminating human contact. Instead, warm up that connection by teaching workers properly, assessing results and rewarding people who get it right. *BooksInShort* recommends this solid guide to using measuring, training and nurturing to boost your customer-employee relationships.

Take-Aways

- To engage your customers, you must engage your employees.
- Aiming merely to satisfy your customer means your goal is to achieve mediocrity.
- Build employee commitment in stages just as you build customer attachment: Be fair, honest, reliable and courteous to your customers and your workforce.
- Five rules can help: First, manage employee and customer experiences in unison.
- Second, understand that customers’ emotions define your products to them.
- A customer’s attachment to your product has four emotional levels: “confidence, integrity, pride and passion.” The first three are prerequisites to the fourth.
- Brand commitment matters more than rewards or pleasure.
- The third rule is to measure and address local variations on an individual, unit basis.
- The fourth rule is to know your “HumanSigma” score and use it to target your activities. Just as your doctor does for you, monitor your company’s vital signs.
- The final rule is to think organizationally, but act locally to manage, train and reward customer-contact employees using individually tailored incentives.

Summary

Causing Quality

Six Sigma has had a profound impact on how companies build quality into their processes and products. Its demand for “zero defects” has lowered manufacturing costs, while increasing customer satisfaction. However, customer service performance needs a similar tune-up.

“‘Feelings are facts.’ This...succinctly captures almost everything we need to know about how customers perceive their interactions with companies...and how employees view their relationship with their employers.”

As today's managers strive to eliminate the variability that human behavior adds to customer service, they have resorted to chaining frontline people to scripts or removing them from customer contact altogether. Executives often admit that they don't trust their employees with their customers. This is the "*Terminator* school of management." As in the *Terminator* movies, these managers seem to want to eliminate people wherever they find them. What does that do to your company's heart? Turn instead to "HumanSigma," a way to manage your employee-customer relationships by eliminating errors, focusing on outcomes and fostering human interaction.

"A vision of the service economy that emphasizes automation and technology [over] human interaction does customers and shareholders alike a huge disservice by ripping the face and soul out of a business."

Many businesses have a "just don't" attitude – as in, just don't mess up – in their approach to sales and service. They strive to standardize customer interactions. Sadly, they end up managing the steps in the process rather than delighting their customers. HumanSigma is based on the premise that you can predict customers' responses to given situations, and focus on achieving positive outcomes for them, thus gaining a better reputation and more passionately connected customers.

"Rule #1 – Employee and Customer Experiences Must Be Managed Together"

Just as your health depends on the balances among your body's biological processes, your company's health requires balanced business processes. Your body uses feedback to signal its internal processes to start, stop, do less or do more. Do you know your business' feedback signals? The most pivotal ones include customer and employee satisfaction. However, you must choose the right metrics and understand what actions to associate with each measurement. This information comes from observation and hard data, not theory or guesswork. HumanSigma's first rule is to understand the direct connection between employee and customer satisfaction. They are not separate; don't measure them independently. Measure and manage them under one organizational authority. Not everything measurable is useful. Focus on metrics that spur meaningful action.

"Rule #2 – Feelings Are Facts"

Your company isn't what you know it is; it is what your customers feel it is. What they feel is all that counts because "emotions frame the employee-customer encounter." Customers' emotions about your company come from their interactions with you and from their friends' opinions. These emotions are their reality and they materially affect your firm. People make some decisions rationally, but they make many more based on emotion. Your customers want a relationship with you, so merely satisfying them is the minimum acceptable performance. They want to matter – and you have to show them that they do – and they want to be delighted. Only your employees can help them feel that way, so assess what you are doing to increase their passion for your firm.

Engaging "Emotional Attachment"

When your customers connect to you in an emotionally positive way, you win. Try to help them feel so enthusiastic that they passionately pull other people to you. Research from The Gallup Organization shows that when customers are fully engaged, you earn a 23% premium over your average customer. There are four levels of "emotional attachment":

1. **"Confidence"** – You deliver on your promises and have the customer's trust.
2. **"Integrity"** – You fix all problems, and customers believe you treat them fairly.
3. **"Pride"** – Your customers feel your respect and are proud to buy from you.
4. **"Passion"** – You are a part of their lives, a perfect fit.

"Our emotional traits are...quite predictable...This long-ignored aspect of employee-customer relations holds the key to superior performance and long-term growth."

Keeping your promises to buyers has to be a constant. Most people figure that you deliver or you don't. If you don't, they won't have confidence in you and you'll lose the foundation you need to build greater attachment. Ask customers about their experiences. Work to improve until they confirm that you always deliver beyond expectations. Integrity requires a few forms of fairness:

- **"Distributive"** – You give everyone an equal piece of the pie.
- **"Procedural"** – You use a just process to allocate resources without bias or error.
- **"Interactional"** – You treat everyone with courtesy and evenhandedness.

"The responsibility for measuring and monitoring the health of a company's employee and customer constituencies should reside within a single organizational structure."

While these permutations all can exist in one transaction, plan to address them individually and as a system. A man who orders six shirts and receives five wants you to deal with his specific situation. When he calls and gets put on hold, that's a procedural problem. If you don't have another shirt, that's a distributive problem. If your staffer sticks to a script, or does anything at all except immediately give the customer a shirt, an apology and a smile, you have engaged in interactional unfairness and undercut your chance to build a passionate customer.

Six Axioms of Customer Relationships

After conducting 10 million interviews in the course of 50 years, Gallup researchers fashioned six basic principles about customer relationships:

1. Merely satisfying customers leads to mediocrity and poor results.
2. Strong customer relationships are based on emotion not reason.
3. Emotionally engaged customers are crucial to your company's health.
4. No customer interaction is neutral. The buyer becomes more or less engaged.

5. Variance in the quality of customer engagement harms your company.
6. Fix issues on the local level. Don't look at average variance in customer interactions. Find pockets of poor quality and fix them rather than just raising the average.

"From the customer's perspective, any process or system whose primary purpose is to solve a business problem rather than a customer concern is unfair."

The way you assess and measure your customer relationships should capture both the "rational and non-rational" in the relationship and provide a consistent, demonstrable connection to your fiscal results. This should measure factors that you can improve locally and organization wide.

Hearts Follow Brains

Baylor University neuroscientist Read Montague conducted brain imaging of customer preferences using functional magnetic-resonance imaging (fMRI). When customers sampled Coca-Cola and Pepsi blindly, the region of the brain that deals with reward lit up five times more powerfully for those drinking Pepsi than for those drinking Coke. However, when researchers told subjects that a given sample was Coke (whether it was or not), their higher-level thinking kicked in and overrode the reward center. So people prefer Pepsi by taste, but prefer Coke by choice, proving that customers' emotional commitments are more powerful than their innate preferences. Help your customers develop that level of commitment to your firm and your brands.

Committed Employees

While most executives agree that excellent customer engagement benefits the bottom line, they also believe they can't do much about it. Thus, *Terminator*-style managers try to remove humans from customer contact. They subscribe to Henry Ford's complaint that he had to hire a whole person when all he wanted was a pair of hands.

"[Install] the systems necessary to evaluate how well you are meeting your employees' and customers' fundamental emotional requirements."

However, in today's knowledge economy, companies that use all of their employees' abilities have engaged workforces, healthier corporate cultures and greater success. The four levels of employee engagement are:

1. **"What do I get?"** – Their jobs are clearly defined and they have the tools they need.
2. **"What do I give?"** – Their supervisors recognize their achievements at least weekly; employees understand they can grow and they get to do work they excel at doing.
3. **"Do I belong?"** – People feel valued; they have friends at work.
4. **"How can I grow?"** – Employees have continuous opportunities for development.

"If the senior leaders of a company have a hard time articulating the brand promise, how likely is it that the promise will be known...and lived – by anyone else in the company?"

When hiring, you cannot always identify talent in advance. However, you can teach people crucial skills. Focus on performance rather than inherent ability. Train staffers to achieve the right outcomes, rather than giving them scripts and letting them remain blind to customers' personal needs. Show them what you expect. Coach them to practice productive responses. Monitor their work. Provide feedback and praise while repeating training as needed.

"Rule #3 – Think Globally, Measure and Act Locally"

If you look only at the average class score on an algebra test and develop a uniform program to help everyone improve as if each student had earned the average score, you will not achieve your math-teaching goal. To create improvements, go person by person, and assess individuals' variance from your standards. To generate the most benefit in customer service, improve the work of the people who are worst at customer interaction. The third rule says to think about your entire organization, but to measure each location separately and to target improvement exercises to correct specific, local deficiencies. Customers encounter your firm through individual employees, so one person's faulty work can undermine the customer's perception of your entire organization.

"Rule #4" – Know Your HumanSigma Performance Metric

Too many managers believe that any sale is a good sale, and their job is just to stock and sell inventory. They take the same approach to hiring. They recruit anyone breathing and see who survives. That no longer works; today's competitive environment requires focusing on your most profitable customer segments. To hire employees who can best serve these groups, you need to know which customers are in them. You can coach even your best units to a higher level by identifying criteria that measure the effectiveness of your employee-customer interactions. Use performance guidelines to identify which units are doing well. Close the gap between them and less productive units.

"Rule #5" – Combine "Disciplined Local Action" with Organizational Change

No matter how well your relationship begins with a customer, it will level out after about 18 months. Exciting beginnings devolve into take-it-for-granted middle age. Assign a HumanSigma group to keep each employee-customer interaction vibrant. Give the group current, accurate assessments of employee and customer performance, so it can focus on evaluation, intervention and encouragement. Tell this team which areas to target, where to intervene and what results you expect. Line up incentives to encourage employees to achieve these goals. The fifth rule says that to repair the performance of local units, involve them in activities that improve transactions and transform local cultures.

"As most organizations become more successful, they invest more in their people, creating an increased sense of pride or ownership."

You want to fix processes, of course, but fix behaviors first. From executives to employees who work with customers, everyone has to know the results they want and how to accomplish them. Begin any intervention by examining the way you communicate your objectives. If you aren't clear in explaining what you want, you will get confused, muddled responses. Hold customer-contact employees accountable, but reinforce good behavior with rewards. Managers too often ignore great service while punishing poor performance. This is wrong. Focus more on building strengths than on correcting deficiencies. Support the behaviors you want. Twice a year, gather updates from every staff member on the state of employee-customer interactions. To get people to accept the improvement process, they must have genuine input. Provide feedback that encourages growth. Make your analysis short and to the point, or you will undermine your efforts.

“Managing the employee-customer encounter is just plain hard work...measuring the right things in the right ways, taking deliberate and disciplined action.”

Examine the promises your brands make to your customers. To learn your true impact on customers, create a customer advisory board with rotating membership. Determine if your claims match what you really deliver. Do your employees know how to support your brands' promises? If not, take timely action to fix any disconnection. When you offer rewards, make them appropriate for each individual. Allow local units to “celebrate successes” rather than waiting for big meetings where you hand out rewards in a long parade. Formal rewards have their place, but use them judiciously. Peer-group mentors are key in transformational efforts, as are retreats about specific aspects of your HumanSigma program. Focus on your goals and help everyone enjoy the ride to the top.

About the Authors

Psychologist **John H. Fleming**, Ph.D., and **Jim Asplund** are principals and chief scientists at a research and consulting firm that specializes in customer engagement, HumanSigma and strength-based development.
