Fully engaged customers deliver a premium over the average customer in terms of share of wallet, profitability, revenue and relationship growth.

Managing your Human Sigma

Introduction

Six Sigma and TQM methodologies have resulted in vastly improved product quality over the past two decades. Human Sigma, like Six Sigma, focuses on reducing variability and improving performance. Six Sigma applies to processes, systems and output quality, whilst Human Sigma looks at the quality of the company employee – customer relationships. In manufacturing value is created on the factory floor. In sales, service organizations and professional firms value is created when an employee interacts with a customer.
People may think that their behaviour is purely rational, but it rarely is. People base their decisions on a complicated mixture of emotion and reason. Recent research suggests that emotions may play a larger role than analysis.

Customer engagement

Research shows that extremely satisfied customers, people who provide the highest rating of overall satisfaction with a company's products and services, fall into two distinct groups: those who have a strong emotional connection to the company and those who have not. Examining the indicators of customer behaviour a clear and striking pattern emerges. Emotionally satisfied customers contribute far more to the bottom line than rationally satisfied customers do, even though they are equally satisfied. In fact, the behaviour of rationally satisfied customers looks not different from that of dissatisfied customers.
Image that you could peek inside the heads of your customers as they thought about your company? Would people with a strong emotional connection to the firm show different brain activity than other customers? The answer is yes.

A Six Sigma approach to measuring and managing the quality of the employee-customer interaction needs to take customers emotions into account. Based on the work of psychologist Ben Schneider and management professor David Bowen a measure of customer engagement has been developed. **It combines traditional metrics of customer loyalty with a short battery of items that assesses the emotional nature of customers commitment.**

Four dimensions assess this customer commitment:

1. Confidence. Does this company always deliver on its promises, did we fulfil your expectations? Are its people competent?
2. Integrity. Does this company treat me the way I deserve to be treated? If something goes wrong, can I count on the company to fix it fast?
3. Pride. This is a sense of positive identification with the company.
4. Passion. Is the company irreplaceable in my life and a perfect fit for me? However, truly passionate customers are relatively rare. They are customers for life and they are worth their weight in gold.

Research suggests that for all kind of companies fully engaged customers, those who score the upper 15-20 percent, deliver a premium over the average customer in terms of share of wallet, profitability, revenue and relationship growth. Disengaged customers, those who score in the bottom 20-30 percent, represent a 13 percent discount on the same measures. Business units whose levels of customer engagement are at the top 25 percent tend to outperform all other units on measures of profit contribution, sales and growth by the factor 2 to 1 .

Employee engagement

Every dialogue or interaction between an employee and the customer represents an opportunity to build that customer's emotional connection, or to diminish it. Of course, these interactions are not the only way to the customer's heart. Research of Gallup in the USA tell us that only 29 percent of employees are energized and committed at work, 54 percent are effectively neutral, showing up and do what is expected, and the remaining 17 percent are disengaged. These disengaged employees have a profound impact, which is estimated at US$ 300 billion per year in lost productivity. They destroy customer relationships with remarkable facility day in and day out.

Performance metrics that acknowledge the importance of emotional engagement, both on customers and employees, provide much stronger links to the desired financial and operational outcomes. Deciding which metrics to use is just the first step. Unfortunately in many companies metrics designed with the right intentions are often deployed in the wrong ways.

Marketing communication claims

In the every day business, companies communicate several claims as a result of surveys. Some examples are. An airline sees itself as industry leader in on-time performance. A mobile telecom operator claims to be a leader in customer satisfaction by citing an independent study of customers. A retailer announces that it has won an award for being one of the best places to work for.

High level averages of company performance may provide good marketing communication claims which give executives feel better about their position in the market place. But because they obscure the considerable variation from location to location within a company, they don't give managers and executives the intelligence they need to improve performance.

Performance roughly follows a normal distribution suggesting that local variability is largely unmanaged. Suppose that instead of assessing your own heart rate, your doctor based treatment on a measurement of the average heart rate of your entire city or village. "Average" is simple a summary that represents almost no one's actual experience. Local managers however blame variability from location to location on factors that are beyond their control. And the factors that are common across the company, such as price, product, processes, policies etc., can't by definition explain local variability.

How to realise your company's human sigma?

In most companies data about customers stay inside the marketing department. Data about employee well-being reside mostly in the human resources department. And financial data mostly live in the finance department. But only bringing together these data on a single platform will give the true picture of the health of the employee-customer relationships. In practice this means that the responsibility for measuring and monitoring the health of the employee-customer relationships must reside within a single organisational structure with an executive champion who has the authority to initiate and to manage change.

To make it happen. ClientIndicator, the competitive based customer intelligence solution
We have developed a new approach to measure and monitor employee-customer relationships by establishing customer dialogues real time: ClientIndicator. Professor C.K.Prahalad states that you only can identify customer values starting with the customer and its behaviour. Customer values don't come from the products and services but from the experiences of the customer with these products and services. ClientIndicator gives your company new eyes in the ever changing customer landscape. Aim is to continually see if your company is headed in the right direction. It enables you to immediately find out and correct the omissions and dissatisfactions your customers are facing. ClientIndicator is a new approach and is applicable as front line solution or as strategic customer intelligence solution for inter active customer dialogues.

ClientIndicator: Four Phases of Implementation.

1. Preparation phase: Identifying your company key customer factors for success. First step is to have a half day workshop with senior sales & market management to identify the key customer factors for company success and to identify the self perceived market image of management. We will use the "key factor verificator" to identify the primary, secondary and missing customer factors in a structured way.
   Two day interview audit with your key customers to determine their view on your company's key customer factors for success and the customers perceived market image. Also here we will use the same "key factor verificator" to identify the primary, secondary and missing factors from the customer perspective.
   Finally we will have a half day workshop with senior management to analyse the results of both previous steps in order to get consensus on the key customer factors for future company success.

2. Execution phase: Measuring and monitoring of real employee-customer relationships.
   - Internal Image Indicator: to determine the internal images and key company factors for success of the company amongst the front line personnel dealing with customers day in day out e.g. employees of call centres, sales managers, account managers, market managers, marketing staff.
   - Web Indicator: to identify the company image and the key factors for success amongst visitors at the company website. It will address both customers and prospects which will be identified at the start of the dialogue.
   - ClientIndicator: to expose the company image and key company factors for success to numerous customers asking the key question "why dear customer have you selected our company? From the pricing and quality perspective and from four key company factors for success. After 2 – 3 months ClientIndicator can identify and monitor the key image question and four key factors for company success in order to find out if the company is still ahead in the right direction. Option: here we can extend the ClientIndicator dialogue to find out more about the company's service aspects, company accessibility and customer relations. Result is a "kite" dashboard for real time customer performance from the four perspectives: brand/company image, customer services, customer accessibility and customer relations. Applicable tool will be the Brand Verificator Tool.
   - Exit Indicator: to ask the customer why he/she turned his/her back to the company from the price and quality perspective and four company factors for success. Applicable tool will be a modified Brand Verificator Tool.

3. Verification phase: Verification of fulfilment of the company based customer Objectives.
   - Leakage of image: an analysis of the gap between the company objectives and the fulfilment concerning employees, customers and web visitors.
   - Booster effect to other business units: extensions of the customer intelligence solutions to other business units.
   - Benchmarking analysis of the customer satisfaction results explained in the “zone of excellence and areas for improvement”.

   The Verification phase can be done in a 1 – 2 days workshop.

4. Achievement phase: companies who have been through the three phases as described before have been qualified to become a “Customer Certified Company”. We plan to establish a web site and salute these companies, and even will give the best ones a “quality label” as a result of their good work.

This publication is a summary of the article “Manage your Human Sigma“, which has been published in Harvard Business Review , July-August 2005. The chapter “To make it happen” in this publication is the new developed customer intelligence solution by Enertio Sweden and Rodenberg Tillman & Associates in the Netherlands.

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