

The secret to delighting customers: Putting employees first

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The main hurdle in customer experience is translating boardroom vision into action at the front line. Empowered employees are the key.

Dilip Bhattacharjee, Jesus Moreno, and Francisco Ortega



Once upon a time, a little girl visited a Disney theme park. Sadly, while there, she dropped her favorite doll over a fence and into a mud puddle. When members of the park staff retrieved the doll, it was a mess. So they made it a new outfit, gave it a bath and a new hairdo, and even took photos of it with other Disney dolls before reuniting it with the owner that evening. “Pure magic” was the way the girl’s mother described the doll’s return.

What may be most remarkable about this fairy-tale ending, which has since become part of Disney’s institutional lore, is what *didn’t* occur. The theme-park team didn’t panic, consult a corporate script on what to do in such a situation, or anxiously seek advice from managers so as not to botch their response to a small—but real—crisis for one of its customers. That’s because, at least in this case, the team’s understanding of what needed to be done for the young customer grew automatically from a systemic cultural emphasis that Disney puts on frontline customer service.

Such devotion pays dividends. Our research finds that emotionally engaged customers are typically three times more likely to recommend a product and to purchase it again. With an eye to these benefits, many companies are making customer experience a strategic priority. Yet, in our experience, we find that they typically struggle to gain traction with their efforts.

Improving customer experience is difficult to get right, because the primary hurdle is translating boardroom vision for a superior customer experience into action at the front line. The additional value that comes from focusing efforts on important customer journeys, rather than individual touchpoints (see “From touchpoints to journeys: Seeing the world as customers do,” on mckinsey.com), makes the task of training and deploying effective frontline workers all the more complex.

Technological advances have made it much easier for companies to understand customers on an individual basis. Even so, engaging with customers is still undertaken largely through personal contact. And there’s no shortcut to creating emotional connections with customers; it requires ensuring that every interaction is geared toward leaving them with a positive experience. That takes more than great products and services—it takes motivated, empowered frontline employees. Creating great customer experiences requires having an engaged and energized workforce, one that can translate individual experiences into satisfying end-to-end customer journeys and can continue to improve the journeys to maintain a competitive edge. By appropriately motivating and rewarding such employees, a company will demonstrate its commitment to the employees’ work and will thus align their interests more closely with its own customer-strategy goals.

There are many ways to build frontline-employee commitment to superior customer experience. In our work with leading players, we have distilled four approaches to worker development and management that repeatedly show up in successful efforts. First, leading companies listen to their employees and seek to tackle their problems and needs. They hire with attitude, not aptitude, in mind and work to build on attitudinal strengths as part of employee development. They build motivation by instilling shared purpose in frontline workers rather than by applying behavioral rules. Finally, they tap into the creativity of frontline workers by assigning autonomy and responsibility as a way to stimulate innovative thinking.

Putting employees first in practice: One bank’s experience

In the past few years, numerous companies around the world have embarked on customer-experience transformation efforts. But only a handful of them have made mobilizing frontline workers a pivotal element in their transformation journey. Such is the

case for a Latin American bank—whose customer-experience strategy over a two-year period produced a double-digit improvement in profitability per client and customer acquisition while reducing churn 10 to 20 percent, gaining it widespread recognition for customer and employee satisfaction.

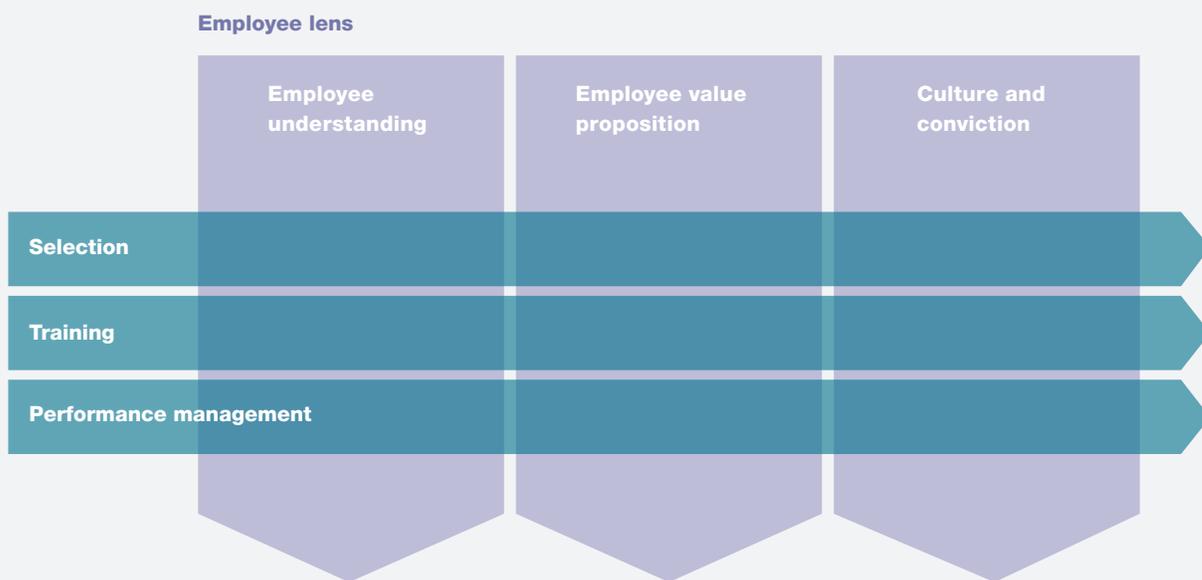
A few years ago, the bank was a leading player in a very competitive market in Latin America. Although the market was experiencing healthy growth rates, several international banks were competing for advantage. In order to win against well-diversified and funded competitors, the bank opted for an ambitious customer-experience strategy in order to differentiate itself in the long term. To pursue the strategy, the bank embarked on a multiyear customer-experience transformation program built upon two pillars. The first entailed designing and delivering a world-class customer experience. The second had to do with developing the culture, skills, and behaviors

that would allow its frontline employees to deliver such an experience.

The bank assembled a multidisciplinary transformation team to tackle the change programs for both customers and employees. The team included process engineers, line managers, and HR specialists. In addition to a framework to address the contours of a superior customer experience, the team developed an overall framework to cover all employee experiences (exhibit). To transform the employee experience and frontline workers' engagement with the company and its customers, the team used an integrated and comprehensive set of interventions: a deep understanding of the employees' needs, using quantitative surveys and qualitative research, including focus groups and individual interviews; a redesign of the employee value proposition; an overhaul of key HR practices such as recruiting and selection, capability building, and performance management;

Exhibit

Transforming the customer experience requires a methodical approach to understanding and engaging employees.



Source: McKinsey analysis

and a set of initiatives aimed at building a true customer-centric culture. These included promoting symbols, such as company mascots with different personalities, name tags and stationery, rites and celebrations such as breakfast with management, an award ceremony during the annual convention for leaders, and a peer-recognition portal. Management reinforced these efforts with repeated messages and encouraging habits such as demonstrating transparency in sales.

Deploying the program in waves over the course of more than two years, the team worked to motivate and empower frontline employees to build an emotional connection with the bank's customers, deliberately emphasizing the principles derived from other successful employee-development efforts described earlier. They included the following.

Listening to employees. During the initial phase of the transformation, the bank devoted a significant effort to thoroughly understanding employees' needs and wants. It segmented employees based on their attitudes, requirements, and preferences and analyzed the key attributes that motivated and attracted each type of employee; it also categorized the main behavioral traits. This allowed the bank to tailor value propositions for its employees to their concrete needs and preferences. Using polls, surveys, and focus groups, the team was able to segment whether an employee's attitude toward work was active or passive, map how conditional his or her level of commitment to company goals was, and gauge the behaviors that would motivate performance. For instance, based on its analysis, the bank changed its nonfinancial benefits for employees, introducing a system of points that the employees could redeem. For example, a parent could receive a day off to attend a child's school party, or a young employee might earn a discount for a mortgage rate.

Beyond one-off changes, the company put in place several mechanisms to better listen to employees on

an ongoing basis. For instance, it created contests in which frontline teams would propose improvement ideas twice a year: one for improving employee experience and the other for improving customer experience. The teams ended up implementing several of the ideas, while the company centrally sponsored others that benefited a broader range of company functions.

Hiring for attitude, not aptitude—and then reinforcing attitude. To ensure that it recruited the best talent to deliver a great customer experience, the bank completely overhauled its recruiting and selection processes. Management changed several job descriptions to emphasize customer service as a key element for evaluation during the recruitment process. It also changed the interview process from a system based on one-on-one interviews by managers to a process that evaluated the service attitude of the candidates in realistic environments. For instance, the bank built a simulated branch in its recruiting department where candidates were placed in role-play situations to test their attitude and behavior toward customers and colleagues. It also included additional filtering criteria that would ensure the right behaviors toward customers, such as honesty and integrity in relationship managers. Finally, the bank introduced a welcome pack that would help improve how new employees were brought on board, including a manual to help new hires navigate the company, a letter from the president, and brochures with tips. These measures resulted in a 5 to 10 percent increase in the satisfaction scores of customers served by new employees.

Other companies have also discovered the connection between hiring customer-oriented people and ensuring friendly service. JetBlue Airways, for example, has embedded this philosophy in its hiring process. To recruit frontline staff with a natural service bent, it uses group interviews. Watching how applicants interact with one another enables hiring managers to assess their communication and people

skills to an extent that wouldn't be possible in a one-on-one setting.

Having hired people with the right attitude, leaders need to ensure they reinforce the behaviors they want to see. Although Disney hires janitors to keep its parks clean, everyone else in the organization knows that they share the responsibility for maintaining a clean and pleasant environment. Asked why he was picking up paper in the restroom, one team leader replied, "I can't afford not to." As Disney executives tell it, every leader is telling a story about what the company values.

Instilling frontline workers with purpose, not rules. Bank leadership understood early on that imposing strict rules on frontline customer representatives has its limits. Instead, it opted to provide a common purpose of meeting customer needs that employees could apply to every imaginable situation—as well as the criteria that would allow them to appropriately adjust their behavior, especially in the absence of a specific rule or protocol (see "Developing a customer-experience vision," on mckinsey.com, on the role of common purpose in promoting customer satisfaction). In order to mobilize and engage frontline workers as much as possible, leadership decided to build the common purpose and service criteria by using a bottom-up approach, rather than by mandating change. A group of employees was selected by their peers based on their merits and attitude in customer service, and they were entrusted with the responsibility of creating the common purpose and service criteria. While the common purpose gave meaning to employees' work, the service criteria chosen—such as safety, proximity to customers, image, and diligence—defined concrete behaviors that guided the front line to act in alignment with the common purpose.

To keep the common purpose from lapsing into some kind of conceptual framework, the company reinforced the concept and the service criteria through several mechanisms. For instance, frontline leaders are awarded pins in recognition for reinforcing certain service criteria with their teams. The leaders display these pins proudly in the band that holds their name tag. Corporate image and communication provide another reinforcing mechanism. Each of the service criteria is represented by a color, and the bank color-codes most of its corporate communications to more closely associate them with the criteria.

Tapping into frontline creativity. The customer-experience transformation brought new mechanisms to capture and disseminate ideas from the front line, such as a biannual contest to generate ideas to improve customer and employee experience. Although these mechanisms demonstrated positive impact, bank leadership decided it wanted to do more to boost positive customer experiences in order to stay ahead of competitors. So it set out to accelerate the pace of continuous improvement and innovation generated at the front line. Its approach was to roll out a program to incorporate several lean-management practices across all areas and all organizational levels, with a focus on sustaining and improving the customer-experience strategy.

Currently, hundreds of teams in the bank hold daily huddles; in these 15-minute discussions, they talk through results and key performance indicators, many of them related to customer experience. They also bring to the surface improvement ideas and share customer-experience stories that reinforce the customer-service culture. The main improvement ideas are picked up again in weekly structured

problem-solving sessions, where they are either solved and assigned to team members for implementation or elevated to more senior leaders for tackling in similar problem-solving sessions with other areas of the organization. Through these and several other standard practices that the bank has implemented, it has been able to accelerate the velocity of innovation and continuous improvement to stay in front of competitors.



Strategists know that technological changes have made it easier for customers to shift their loyalties based on how satisfied they were with their buying experiences. But for companies looking to improve their performance, the personal interaction between customer and frontline employee may still be the most important link of all. ■

Dilip Bhattacharjee is a principal in McKinsey's Chicago office, **Jesus Moreno** is an associate principal in the Santiago office, and **Francisco Ortega** is a director in the Buenos Aires office.

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