

CUSTOMER EXPERIENCE

When the customer experience starts at home

To serve end customers better, begin with your employees.

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Charity, the saying goes, begins at home. So too does a superior customer experience.

Growing numbers of companies are coming to recognize the benefits of customer-centric strategies: higher revenues, lower costs, and stronger employee and customer loyalty. In the effort to transform customer journeys and refine direct interactions with clients, however, many companies overlook the need to engage the whole organization, including its support functions, in a customer-centric transformation.

That's unfortunate. Turning the support functions (such as information technology, finance, human resources, purchasing, and real estate) into excellent customer-service operations is a powerful lever to sustain and expand a full customer-centric transformation. It helps to create a new service culture that deepens customer-centric efforts in all layers of the organization. It promotes a longer-term impact and the full engagement of the staff by applying the principles of customer excellence to employees' journeys. At leading customer-centric companies, such as Disney, creating great customer experiences begins with a common vision and requires an engaged and energized workforce that can translate individual experiences into satisfying end-to-end customer journeys. The logic of extending that commitment inside, to support staff, is powerful.

In our experience, successful large organizations think more and more about end-to-end transformations that focus on internal customers—their employees—as well as external ones, to gain a durable competitive edge. Not that this is easy to do. Such efforts can take two or three years to execute fully for all internal customer journeys. And rather than being a kind of employee-satisfaction exercise, typically conducted by the HR department, an effort to bring support staff into a true culture of customer service requires clear and ambitious objectives, earmarked resources, and involved sponsorship from C-suite leaders.

The good news is that these efforts can run in parallel with externally facing customer-experience programs, each complementing and reinforcing the other. This exercise delivers results. In our experience, redesigning customer journeys raises customer-satisfaction scores by 15 to 20 points, reduces costs to serve by 15 to 20 percent, and boosts employee engagement by 20 percent.¹

This article focuses on assessing the benefits of engaging support functions in customer-centric transformations and defines the methodology and principles for leading such programs successfully.

Why transforming internal services matters

A superior customer-experience strategy goes well beyond making products and services as good as they can be. It weaves a seamless web of “customer first” activity that extends from the vision of boardroom executives to the individual actions of frontline workers in day-to-day exchanges with customers. The closer a company can align its commitment to customer-centricity with the interests of its employees, the closer it will get to achieving its customer-strategy goals.

Yet many companies struggle to align themselves internally behind these goals. Some, like banks, face security and regulatory constraints that make it hard to deliver internal services in a smooth and quick way—for instance, tight criteria for storing and sharing data limit the access of employees to multiple sources of information across locations. Worried about noncompliance, some companies place extreme limits on themselves, hurting their efforts to work efficiently, smoothly, and quickly. One bank, for example, stored all its data at the highest level of confidentiality, restricting its employees' access to useful nonconfidential information.

At other companies, siloed organizational functions address individual touchpoints in a customer's journey but leave no one responsible for the end-to-end experience. What's more, in the search

for efficiency and the advantages of scale effects, companies build large teams devoted to specific topics, creating silos that disconnect support functions from their users. Still other companies, which emphasize their external image and customer-experience efforts to the detriment of internal services, treat support functions not as core drivers of corporate health but as targets for cost cutting.

Such oversights can be costly. When companies fail to maximize the quality of their internal services, they disconnect the customer experience that their employees encounter at work from the one they aspire to create for their frontline people in dealing with customers. Françoise Mercadal-Delasalles, group head of corporate resources and innovation at the French bank Société Générale, says “that if you want your front-end employees to be very good at the relationship with their clients, then the core of the company, including the support functions in particular, has to be very good with the front” (see “How good is your company’s internal customer experience?,” forthcoming on McKinsey.com).

In short, the internal-customer experience often lags behind the external one as a top-management priority. That’s a shame because the implications for good customer service are many.

- First, in our experience, the quality of internal services ultimately has a direct impact on the experience of external customers. Which customer, for example, doesn’t rely on internal services (such as IT) to define the customer relationship? At one international airline, the IT department failed to synchronize its front-office tools with a new IT infrastructure. Without correct information on flights and bookings, employees couldn’t serve their customers, and that led to massive delays and flight cancellations.
- Second, in a competitive market for talented people, offering employees a seamless experience at work can be part of a company’s

value proposition to attract and retain talented people. Moreover, encouraging a customer-first culture in support functions tends to inspire back-office employees with a heightened sense of ownership, which boosts their retention rates, just as it does in transformations of externally facing customer teams.

- Third, transforming the internal-customer experience will probably not only increase the satisfaction of employees but also help to cut costs by increasing productivity, eliminating inefficiencies in processes, and reducing absences. For instance, digitizing manual processes increases efficiency in a significant way and reduces wasted time for employees. In our experience, such successful transformations can cut the total cost of the journeys by 25 percent within two or three years. These savings can be reinvested in growth efforts and other projects.

Measuring and understanding internal-customer satisfaction

First and foremost, companies must understand their employees’ level and drivers of satisfaction with the working environment and services. We find that the best approach is a structured one that truly reveals the sources of satisfaction and the way to improve them. Too many companies do not measure employee satisfaction or the support functions’ performance effectively and so fail to understand the needs of the employees using these internal services. The result is a diminished opportunity to take corrective action.

Why are companies ill equipped to assess internal-customer issues properly? Some put measuring employee satisfaction in the hands of the HR department. Often, HR sends out employee-satisfaction surveys with disparate, generic questions that don’t address the forces that drive satisfaction or dissatisfaction and are disconnected from the daily experience of work. That survey-intensive approach doesn’t help companies to

understand the root causes of employee satisfaction and isn't always followed by the appropriate corrective action. Employees are left frustrated.

A European bank, for example, discovered that its employees were dissatisfied with their technology and tools. To bridge the gap, it offered them tablets. Most of these devices ended up ignored in drawers because they were hard to use and full of technical glitches. The bank thus added costs without making its employees more satisfied. In the end, it generated additional frustration.

This missed opportunity highlights the need to assess in detail the drivers of internal customers' satisfaction before finding the right levers to improve it. After launching a customer-satisfaction survey devoted to the journeys of employees, the bank concluded that they were primarily dissatisfied not with the obsolescence of the tools but rather with their complexity. Synchronizing passwords to log onto applications, for instance, would have made the employees significantly more satisfied with the hardware.

In many cases, companies choose to address their employees' satisfaction and dissatisfaction in the wrong way. Like many diagnoses of external-customer experiences, employee-customer-experience efforts often focus on touchpoints—the individual interactions support staffers have with their colleagues—rather than on end-to-end customer journeys. That exposes a company to the possibility of failing to understand and improve its users' satisfaction because it can't see blind spots and misses important cross-functional issues.

Defining and measuring internal satisfaction

Measuring the satisfaction of employees with internal services ought to involve a user-centric methodology. In most cases, these efforts focus on a set of 10 to 20 journeys that are relevant because of their frequency, importance, or cost (Exhibit 1). While we illustrate this point for business-to-consumer (B2C) services (such as IT for all employees),

a similar analysis is also possible for business-to-business (B2B) services (for instance, IT services for IT operators).

Defining the journeys of employees and preparing to survey them should follow a two-step approach. First, you need to define a list of journeys to explore, filtered by the criteria above. In most cases, only ten journeys account for about 80 percent of customer-satisfaction results. These journeys are cross-functional by nature. It is therefore important that key people responsible for all departments that deliver services to employees gather to define the journeys and embrace the customer perspective. Avoid trying to define journeys within organizational silos; for instance, a journey like "I am a new employee in the firm" involves HR (to provide contracts and validations), the purchasing office (to produce badges), the real-estate department (to secure an office), IT (to deliver hardware and software), finance (to share bank-account documentation), and so on.

Next, to ensure that the list is complete and representative, test it with employees who use these internal services. To survey employees about the fine-grained elements of journeys, it is important to surface the details. In fact, the objective of surveying employees about their satisfaction with internal journeys is not just to assess it. Above all, this effort aims to understand the elements that drive satisfaction or dissatisfaction with the journeys and in this way to identify and establish priorities for transforming them. To do so, the detailing exercise should break down the steps employees go through during these journeys, with input from those who operate them and those who use them. Live observation of the journeys should be part of the effort.

Analyzing the ratings and feedback gathered through the survey will help companies to understand:

- what really influences employees' satisfaction with internal services

- the level of satisfaction with each of the journeys
- what drives satisfaction or dissatisfaction with each journey

These findings will determine the priority areas for an effort to transform the internal-customer experience. They will also help companies to avoid complex efforts that won't be rewarded (Exhibit 2).

A European insurance company, for example, took more than a year to develop a comprehensive

employee portal that aggregated all links to internal requests and information about support functions. The IT team led the effort but didn't analyze the needs of internal customers, test features with the user base, or provide training on how to use them. After releasing the portal, employees were not using it at all, because it was complex and required several passwords for access. After a structured internal-customer-centric transformation, the company refocused its efforts on improving journeys that mattered more to employees. As a result, their satisfaction with internal services increased significantly.

Exhibit 1 Employees embark on customer journeys, too.

Types of internal-customer journeys (B2C-company example)

-  I use my working environment inside the office (workstation, collaboration tools, building, elevators, networks, etc).
-  I use my working environment from a remote location.
-  I use mobile devices to access collaboration tools, including email, chat, and browser.
-  I request new products or services related to my workstation setup, connectivity, collaboration tools, etc.
-  I request new products or services related to my desk, office, or building.
-  I work through a problem related to my workstation setup, connectivity, collaboration tools, etc.
-  I work through a problem related to my desk, office, or building.
-  I am a new employee or an employee starting in a new role.
-  I move office or my team moves office.
-  I look for or receive information about how to use my workstation, collaboration tools, office elements, etc.
-  I need to develop or share my expertise on specific topics.

Source: McKinsey Customer Experience Survey 2016

What do employees want?

Over the course of conducting several internal-customer-experience surveys at large companies, we have drawn some conclusions about the major areas of dissatisfaction employees experience with internal services.² Among them:

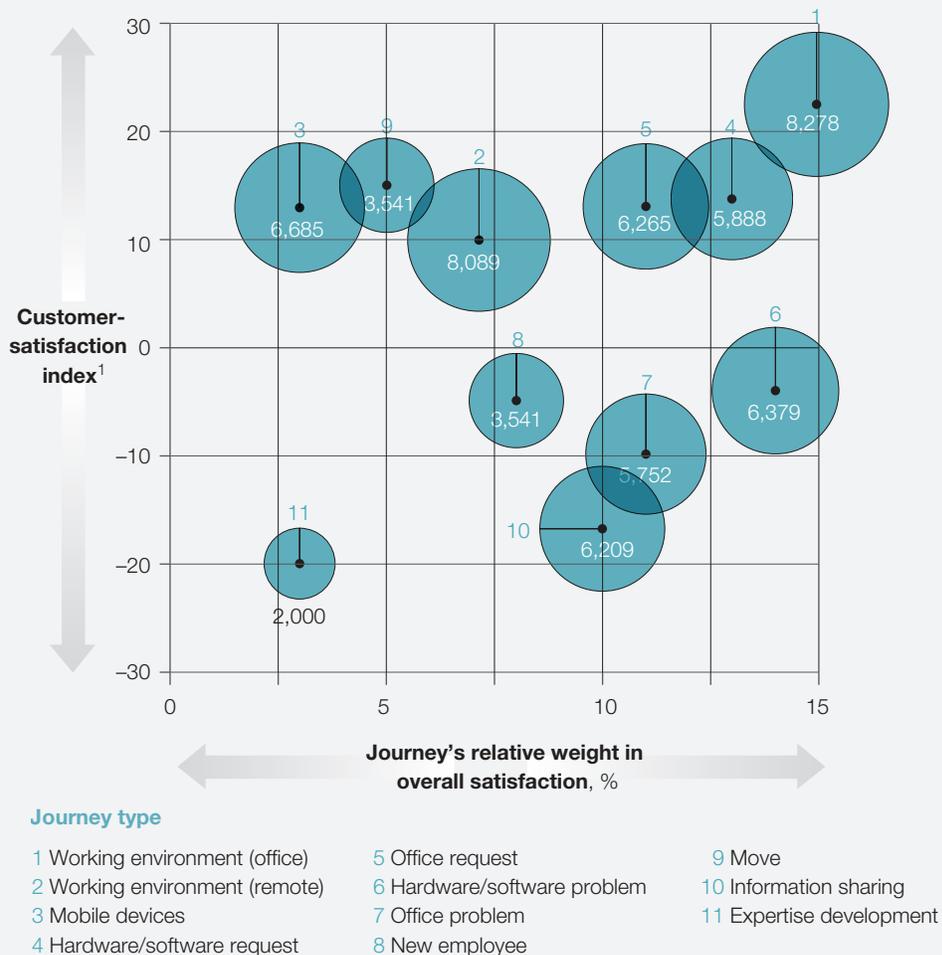
- the availability and clarity of information

- the overall time needed to complete tasks required by support functions
- the effort required to go through processes involving support functions

Our research has also helped us compile data on categories of employee needs and sources

Exhibit 2 A B2C internal-customer-journey prioritization matrix can help companies avoid complex efforts that won't be rewarded.

Internal-customer satisfaction by journey type and size of response



¹ Percentage of answers with 9–10 level of satisfaction minus percentage of answers with 1–6 level of satisfaction. Customer-satisfaction score is a customer-loyalty measure that gauges how likely a customer is to recommend a product, service, or organization.

Source: McKinsey Customer Experience Survey 2016

of satisfaction and to develop a hierarchy of what employees want from customer-centric organizations (Exhibit 3). The more advanced a company is in its customer-centric thinking, the more likely it is that the determinants of employee satisfaction will evolve from basic courtesy by the staff to the availability and timely delivery of information and, finally, to an enjoyable and seamless experience resolving problems and issues on the first swipe.

Key success factors for conducting an internal-customer-centric transformation

As with any customer-centric transformation, an internal-user-centric one requires organizations to put in place design and governance prerequisites:

One is establishing the right overall architecture—setting a clear and aspiring vision, including a change story; drawing up a governance blueprint; drafting an initiative road map; and aligning the organization on metrics and objectives. In addition, to change mind-sets and behavior and to ensure that the whole organization works to give internal customers an outstanding experience, the company must develop and implement purpose-driven change-management principles defining a new way to work.

Another prerequisite is setting up cross-functional transformation teams representing all functions and departments involved in internal-customer journeys. To be autonomous and to test all relevant ideas in a risk-free environment, the teams must run the transformation by defining their own rules and scoping out activities they could not undertake if operating in a regular day-to-day environment.

Besides the traditional key success factors encountered in customer-centric transformations generally, our experience running internal-customer-centric transformations has highlighted factors specific to them:

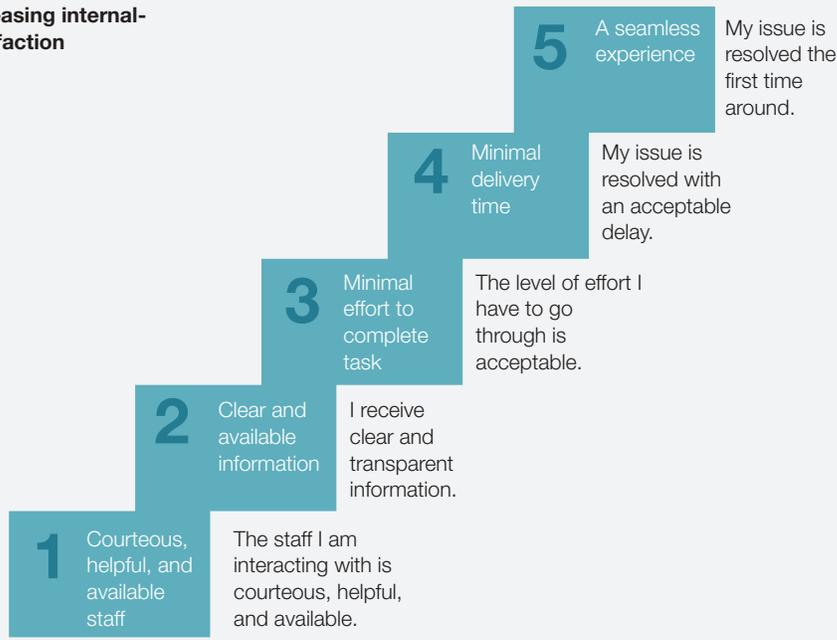
Managing a cultural transition to refocus support functions on the customer. Although frontline employees are constantly in touch with customers, the support functions may well have become increasingly disconnected from them and developed their own purposes and motivations, detached from the company's. To refocus support functions on the customer, organizations should mobilize a range of outreach efforts. These include creating an understanding of and a commitment to the need to increase internal-customer satisfaction; reinforcing internal-customer-satisfaction mechanisms, including customer-feedback loops and incentives; building the skills and capabilities required to deliver services for internal customers; and modeling desired behavior by the heads of support functions to demonstrate the importance of the internal-customer experience.

A bank, for instance, tried to encourage a customer-centric transformation of its support functions without stimulating this kind of cultural transition. By failing to create a sense of common purpose and aspiration, the bank also failed to engage its employees. The result was only small-scale progress.

Building strong links between the support units and the business to ensure alignment of interests and close collaboration. One manufacturer pursued a customer-centric transformation of the information-technology department by putting in place intermediary roles between IT and the business, to serve as an interface between them. The result: the IT teams became disconnected from the business, while the intermediaries didn't convey messages from the business to IT and vice versa effectively. By removing these roles, reestablishing direct links between the two entities, developing tools better suited to the needs of employees, and including them at all stages of product development, the company significantly increased the satisfaction of the business and IT operators alike.

Exhibit 3 **The more advanced a company's customer-centric thinking, the more satisfied its employees will be.**

5 steps to increasing internal-customer satisfaction



Source: McKinsey Customer Experience Survey 2016

Giving support units direct contact with internal and external customer feedback relevant to their actions. A private bank ran the customer-centric transformation of the frontline and support functions in parallel. Employees of the support functions attended “client arenas,” where clients shared their experience of and feelings about their relationship with the bank. During these meetings, clients complained about constraints on activities (such as making some transactions) because of multiple restrictive compliance requirements. This was a decisive moment for the compliance function, which had resisted interacting with clients in the past. By standing in the shoes of the clients, the compliance team changed its purpose from acting solely to protect the bank to providing a smooth customer experience while continuing to play its protective role.



Companies hoping to tap into the competitive advantages of a superior customer experience would do well to look inward as well as outward. Including employees in a culture of customer-centric thinking is a powerful way to build not only organizational loyalty but also effective outreach to end customers. ■

¹ Based on self-assessment of employees before and after transformation efforts. Customer-satisfaction improvement scores range from -100 to 100.
² Based on several surveys on internal-customer satisfaction conducted in past years across representative samples of more than 10,000 employees in each organization.

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