

The Big Customer Satisfaction Picture

Most corporate objectives are significantly driven - directly or indirectly - by customer satisfaction. Aligning employee behavior with customer satisfaction is therefore paramount to achieving the desired state of alignment of employees with corporate goals. The concept of tying employee pay to corporate performance is well entrenched for all sales-related functions, and has growing traction in other “customer-facing” departments. Commission-based sales compensation inherently correlates to corporate financial objectives through direct top-line impact. Call center operational cost and profitability is proven to be positively impacted when employees are rewarded for satisfying the customers that they serve. In both these examples, the existence of a closed feedback loop between customer satisfaction and employee performance drives alignment of employee behavior with corporate financial goals and objectives.

However while closed sales and average support call “hold-time” are both important metrics of customer satisfaction, there are many other variables that shape customers’ experience with a vendor. Ultimately customer satisfaction is a cumulative, holistic assessment that considers many types of interactions between vendor employees and multiple individuals at the customer company. In the end, a vendor’s financial performance – top and bottom line - is tightly linked to this overarching impression that customers formulate about a vendor.

Creating the Inventory of Customer Touch-Points

In a business environment where cost control and increased productivity are the dominating corporate imperatives, companies routinely adjust employee compensation strategies to align employee behavior with corporate objectives. While Performance Management solutions help organizations to implement such employee performance alignment, they are only part of the solution. The top challenge with successful performance management strategy implementation lies with identification of the “right” performance indicators that avoid ambiguity and minimize subjectivity. Moreover, the tactics used to execute customer-based performance pay across the company are not obvious.

When designing a customer-centric compensation plan, a critical first step is to identify all the touch-points where customers interact with the company, including people, processes and technology. Each customer touch-point must be examined to connect the appropriate individuals within the vendor’s company with the reciprocal individuals at the customer site. Adding another layer of complexity, customer satisfaction metrics are specific to each customer touch-point and functional group contributing to the touch-point. It is the aggregated performance of all individuals involved at all touch-points that predicts customer satisfaction and drives business success.

Defining the Metrics & Connecting the Dots

Next, accurate metrics and objective measurement techniques appropriate to *each* customer touch-point must be established. While metrics identification might at first blush sound straightforward, it is in fact quite difficult and is the lynchpin to gaining employee buy-in to a compensation program that they believe is “fair.” The usual stumbling block centers around vendor executives selecting metrics that *they* perceive are important to customer satisfaction. Studies comparing customer-identified measures of satisfaction with metrics chosen internally by the vendor, show on average, significantly different results. Most companies have neither the core expertise to know, nor the resources to discover, what customer satisfaction metrics are meaningful to customers at all customer touch-points and for all products under evaluation. The best method to identify meaningful customer satisfaction metrics is for the company (i.e. vendor) to query those individuals at the customer site, who interact with the solution and/or company, as to how they measure customer satisfaction. It then defaults to the vendor to communicate such information to its employees, along with an objective mechanism for systematically collecting the metrics data. This approach assures that the customer-driven compensation program is credible and meaningful to employees.

Let’s Get Specific: Granularity is Key

Customer satisfaction metrics must be objective and quantifiable. Traditional customer satisfaction surveys that ask customers to rate their overall level of satisfaction with the company (from extremely to not at all) are of limited use due lack of granularity and context. The customer satisfaction experience must be dissected into

discrete components such that each touch-point for each product can be comprehensively evaluated and objectively assessed by the customers. By implementing this granular approach, companies can pinpoint exactly where customer satisfaction is strong and where it is weak within the organization. Diagnosis of corporate performance is significantly improved. However, gaining such granularity demands a deep understanding of the relevant business processes and cultures of both the customer and the vendor.

The Right Place at the Right Time

The frequency of metrics measurement will vary with each customer touch-point. The effectiveness of many customer satisfaction studies is diluted because customers are polled only at fixed intervals during the year, rather than being aligned with the timing of specific events. For example, at the conclusion of solution implementation at the customer's site, metrics specifically designed to assess satisfaction with the implementation process should be collected when the project experience is fresh in the customer's mind. Whereas continuous, non-event-based, customer satisfaction touch-points, such as ongoing interactions with the vendor's account management, lend themselves quite well to routine testing throughout the year.

Building a Real-Time, Closed-Loop Customer Feedback Environment

The ultimate goal is to develop a real-time, customer satisfaction metrics database that dynamically provides up-to-date feedback on customers' satisfaction level with each product at each customer touch-point. Making quantitative customer satisfaction information accessible to all employees throughout the year maximizes customer awareness for the entire workforce. Employees can correlate their behavior over a shortened time period with the corresponding satisfaction level from the customers they serve. Applying a real-time customer satisfaction tracking program, employees can trend the impact of their actions on the customer. Non-customer-facing employees, who were previously isolated from the customer, gain new visibility and insight into their contribution to the customer satisfaction equation. A customer-centric compensation program can provide the necessary closed-loop feedback and incentives necessary to both steer and incite positive change from a company's workforce. Employees are better able to gauge what works and what doesn't work as job performance is tuned to evoke higher customer satisfaction. Making customer-informed incremental behavior adjustments enables organizations to fix and respond to performance problems sooner, rather than discovering at year-end (e.g. bonus time) that customer dissatisfaction has unfortunately deteriorated and the damage is the bottom-line is irreversible.

Developing an enterprise-wide corporate culture built on accountability for customer satisfaction typically involves the efforts of multiple departments, and evolves over some period of time. Usually the CEO/President, CFO, COO, and Chief HR Officer are the champions and key influencers for such a program. Companies often opt to incrementally stage the introduction of customer touch-point measurement, rolling out the customer-centric compensation program to functional groups within the company in defined phases to enhance its acceptance.

Gantry Group LLC is a leading strategic market research company with a specialty for developing and implementing ongoing customer-satisfaction studies. Based on a decade of customer research and thousands of customer interviews Gantry Group has identified the key metrics that objectively measure customer satisfaction for all customer touch-points within technology-based vendor organizations. Gantry Group's unique Customer-Centric Compensation (C3) program benefits from the company's deep domain expertise with HR solutions and best practices combined with extensive and direct customer satisfaction research.

To learn more about Gantry Group's Customer-Centric Compensation program or to schedule a demonstration of a sample customer satisfaction study, please call 978-371-5557