

Focusing the Organization on the Customer

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Most organizations – and specifically their CEOs – are challenging themselves to change the way they think and act – for example, to become more nimble, entrepreneurial, and/or collaborative. Typically, the CEO of the company declares, “We will become (fill in the blank)”, and Human Resources is asked to play a central role in transforming the organization. This article focuses on becoming more customer-focused, and specifically what HR can do to help drive this change.

Defining Barriers

Organizations sometimes jump into superficial change initiatives without understanding the formidable barriers standing in the way. If order and delivery systems are broken, if the organization is rife with turf-wars, if turnover among customer representatives is astronomical, if finance and cost cutting considerations drive every decision, then no amount of training, feedback or assessment is going to make the organization more effective in serving customers. Other problems need to be addressed.

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To identify barriers, we have turned to employees in sales and customer service roles. Collectively, they have deep insight into what gets in the way of making sales and building customer loyalty, because they hustle to attract and satisfy customers every day.

In one project with a large technology firm, several hundred sales associates were surveyed in a one week period. They were asked to describe the company’s competitive strengths and vulnerabilities and reflect on the barriers that make it difficult to close sales and build customer loyalty. Besides providing vivid and memorable examples of what the organization was doing wrong in serving customers, the results provided insight into what needed to be fixed. “Inefficient internal processes for order & delivery” were seen as the number one barrier to achieving sales goals. One sales associate told a story about the new customer who was livid because the associate couldn’t tell them whether their product would be in place in one week or three months.

Finding Business Solutions

In this example, becoming more customer-focused required streamlining the order and delivery process (and we collected hundreds of ideas about how to do this). One of the revelations was that the software system they were using to make and track orders was getting in the way of customer service and needed to be rebuilt with the sales associate in mind. By raising awareness of this barrier and promoting a solution, our customer (a group in charge of leadership development) played a central role in changing the business, not just developing leaders. The premise of the study was to identify leadership needs and develop a new leadership curriculum, but the outcome was useful for identifying other business solutions.

Performance Management Systems

Of the many arrows in the HR quiver – selection, pay, training, performance appraisal, succession planning, leader feedback, job design, etc. – the one that offers the most power in transforming the organization in the short term is the electronic performance management system – technology that



drives the setting and monitoring of goals. Employees use the web-based system on a regular basis (anywhere from daily to yearly) to set their goals and record their progress; managers use the system to track the progress of their direct reports.

By tailoring the performance management system to address customer needs, HR leaders can inject a new paradigm into the daily running of the business. The system can require individuals to set goals that relate to customer satisfaction – for example building products that customers say they want or fixing barriers to customer loyalty. It can also force individuals to define their customer, specify their customer satisfaction metrics, and set goals for their satisfaction.

HR can also put tools and processes in place for driving ongoing dialogue between manager and direct report, including tools for evaluation. On-line guides can encourage employees to ask questions such as “Who is the customer, when was the last time we talked to them, what did they want, how do we meet their future needs?” etc. Automatic emailing and tracking mechanisms can hold managers accountable for conducting these dialogues. The result is that the “customer” becomes a more regular topic of conversation.

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For example, Creative Metrics developed and installed a system for setting objectives and reviewing progress in a 3,000-person division of a large bank. The rationale for the system was primarily to streamline the setting and reviewing of goals, but the bank took the opportunity to promote a new way to think about performance. They required that managers provide evaluations in seven core areas of performance, including customer service. In this way, HR was able to inject the topic of customer service into discussions between manager and employee.

Succession Planning and Experience Management

Forward-looking companies are implementing a talent management and succession planning system to identify and groom leaders who appreciate what it takes to build a loyal customer. For example, Creative Metrics worked with a 60,000 person health care company to implement a streamlined succession planning process for the top 300 people in the company.

Managers assessed each of their employees along a number of critical dimensions: history of achieving results, ability to learn and grow, willingness to move up, readiness for the next step, etc. One of the key questions managers addressed was “What experiences would help this individual better understand our customers?” We also asked questions such as “What about this person remains unproven?” and “What assignments are likely to energize this individual to fully leverage their individual skills and passions?” Finally, we asked managers to develop a preliminary succession plan for their position.

In lively meetings, executives discussed their direct reports and presented their tentative succession plans. High potential individuals were identified and steps were planned for ensuring that these people receive the experiences they needed.

In a related project, Creative Metrics worked with a 12,000-person computer maker to develop a process for measuring the experience levels of executives and directing each executive to



experiences he or she needed. As part of the process, the top management team rated the importance of 26 different experiences in preparing executives for the highest levels of the organization (the top 10 positions in the company). One of the highest rated experiences was “Interacting face to face with external customers” – top leaders thought this was critical for preparing people for their positions.

When we assessed 150 of their executives at the vice president level; however, this experience was found to be relatively rare. The reason was clear – opportunity for interaction with customers was primarily limited to the sales function and few executives crossed into the sales function on their way to the top of the organization. The organization then began to explore ways to drive this experience, choosing to focus on high-potentials. They began a program that involved assigning high potentials to manage key customer relationships.

Organizations should consider “focused feedback” that addresses only the behaviors needed for customer focus.

Targeted Leader Feedback

Virtually every project that Creative Metrics has conducted involving 360 feedback has included items to describe and measure customer focus. Organizations have used descriptors such as the following:

- Seeks customer input when making decisions that affect them.
- Listens to the suggestions of customers.
- Quickly responds to requests from customers.
- Follows through on commitments to customers.
- Makes realistic commitments to customers (avoids over-committing).
- Anticipates future customer needs.
- Talks with the customer on a regular basis.
- Establishes clear measures of customer satisfaction.

The problem with using 360 feedback as a lever for driving a specific change is that this one competency loses impact when mixed with ten to twenty other important management competencies, such as driving results, planning and organizing, inspiring commitment, etc. And most organizations can not resist being comprehensive: they pack their 360 feedback tool with most everything that leaders should be expected to do.

Organizations should consider conducting “focused feedback” that addresses just one competency – customer focus. A project Creative Metrics conducted with a large computer firm provides a model for focused feedback (although the concept chosen for focus was not customer focus). Creative Metrics has developed a single scale assessment of “cross-boundary collaboration” in an effort to break down silos and encourage executives to act like “one company.” 120 VPs were assessed by their peers on this one dimension, and each executive learned how he or she compared to the range of other VPs, as well as what specific ways they were seen as effective or ineffective collaborators.

In a group feedback debrief, led by the CEO of the company and facilitated by a consultant, all 120 executives received their feedback, then broke into small groups to discuss opportunities to collaborate and set individual goals. One of the positive outcomes of the project, from the



standpoint of the customer, was that the one VP who scored lowest on the measure (and was widely viewed as a destructive influence in the company) quit the company shortly after receiving his feedback. This was seen as “positive attrition.”

Training on Solving Customer Conflicts

There are obviously many opportunities for designing training to teach people how to be more customer focused – to handle customers well, solve conflicts, overcome organizational obstacles for the benefit of the customer, etc. For example, Creative Metrics has been working for several years with a large restaurant company to teach employees a model for working with difficult customers. We have data on thousands of conflicts showing that if employees take several simple steps they can turn potentially destructive conflicts into opportunities to develop a closer relationship and better solutions for the benefit of the customer. Using a model derived from this data, Creative Metrics teaches employees how to build trust, empathize with the customer, and engage the customer in constructive dialogue. Employees apply the model in discussing how to handle current conflicts.

Selection Systems

Another forward-looking approach to building a customer-focused organization is to define the knowledges, skills, and abilities that are likely to make a person more customer-focused and refine the selection system to assess these characteristics in the hiring process. Characteristics such as conscientiousness, attention to detail, and service orientation are highly important.

Employees can learn to build trust and empathize with customers.

An interesting selection method which has application in identifying people who are customer focused, is the situational judgment test or SJT. In the SJT, the respondent reads about real-life scenarios and for each scenario indicates what they think the best response to that scenario would be. At Creative Metrics, our experience has been in developing SJTs to measure management effectiveness in handling difficult employees, but the same technique could be used to assess the appropriate skill, wisdom and attitude in working with customers.

An effective yet simple way to amend an organization’s selection system is to add one question to the standard hiring interview: “Tell me about a time you worked with a difficult customer. What were the circumstances and how did you handle the problem?” Standard scoring templates can be developed so that interviewers are able to make reliable ratings of applicants’ responses.

Conclusions

HR has the opportunity to drive customer-focus in virtually every initiative that it takes, including job design, executive team development, and pay systems. This article has described some of the approaches with which we have had the most experience and success. It is critical, however, that organizations start with a clear understanding of the barriers so that HR initiatives are backed by an appreciation for the challenge they face and occur in parallel with other business solutions that will strengthen customer loyalty and satisfaction.

