Harvard Business Review

Engaged Employees Create Better Customer Experiences

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April 05, 2023

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Summary.   It's time for leaders to double down on the idea that the employee experience (EX) is now *the* key driver of the customer experience (CX) and find smarter, strategic ways of connecting the two. According to PwC, companies that invest in and deliver superior experiences to both consumers and employees are able to charge a premium of as much as 16% for their products and services. So how do leaders design EX to better align with CX? First, identify where the biggest gaps exist. Second, find creative ways to directly connect employees and customers regardless of whether "customer service" is in their job description. Third, integrate customer and employee journey maps to identify and diagnose customer problems. And finally, provide visibility into CX and EX performance together, putting measurements of success in a single view.   **close**

An organization's employee experience (EX) has been connected in recent years to how it delivers its customer experience (CX). Given changing dynamics in the labor force and all the ways technology makes it possible for companies, employees, and customers to be connected, I believe it's time for leaders to double down on the idea that EX is now *the* key driver of CX and to find smarter, strategic ways of connecting the two.

Consider the workforce challenges that currently vex most companies: the dearth of workers skilled for the new demands of business, high turnover rates and the associated costs of recruitment and training, and difficulties in engaging employees given hybrid and other new ways of working, people's elevated expectations for authentic DEI, and broadscale shifts in workers'

values. Amid all this, companies struggle to ensure they have a knowledgeable, experienced, and motivated workforce – one that is equipped to deliver a good customer experience.

And EX has grown in importance to customers. As more customers look to align their purchase decisions with their values, they have become increasingly interested in how companies engage with employees and tend to prioritize doing business with those that value their employees, treat them fairly, and prioritize their well-being. And employees are interacting with more customers more directly – and because of that the nature of employee engagement has more impact on customers.

According to PwC, companies that invest in and deliver superior experiences to both consumers and employees are able to charge a premium of as much as 16% for their products and services. And MIT researchers found that companies in the top quartile of EX developed more successful innovations, deriving twice the amount of revenues from their innovations as did those in the bottom quartile — and their industry-adjusted Net Promoter Scores (NPS) were twice as high.

EX is defined as the sum of everything an employee undergoes throughout his or her connection to an organization, from the first contact as a potential hire to last touchpoints after the end of employment. It requires a holistic, focused, and purposeful approach, but most companies design and manage EX as a set of

discrete elements of employment, e.g., flexible work arrangements, rewards and recognition programs, or wellness initiatives. That mode of thinking is outdated. Today's EX is created through the overall company culture, and all the in-between moments, including the ways managers engage employees on a daily basis.

With all its moving parts, the customer experience requires the consistent, cohesive engagement throughout the organization that EX excellence can foster. To tap the power of EX to create compelling CX, business leaders must align the two, directly connect employees and customers, and use tools and processes to identify and report on the impact each has on the other.

Identify the parallels between the employee and customer experience.

So how do leaders design EX to better align with CX? First, identify where the biggest gaps exist. A company cannot expect to deliver a tech-enabled, seamless, and intuitive CX, for example, if everything it does with employees is on paper, slow, and bureaucratic. And it's unlikely that employees will deliver highly empathetic, caring, and personal service if their employer doesn't cultivate an organizational culture that embraces those values.

But when employees understand that their experience is aligned with the desired CX, they intuitively start contributing to it through their own actions and decisions. For an example,

consider the fun and freedom that empowers Southwest Airlines employees to make its CX so enjoyable.

Second, to improve CX through EX, companies should find creative ways to directly connect employees and customers regardless of whether "customer service" is in their job description. Adobe, for example, uses listening stations where employees can go either virtually online or physically in an Adobe office location to hear from customers directly and learn about their successes and challenges.

By shortening the distance between employees and customers, managers enable employees to cultivate the customer understanding and empathy needed to identify and make CX improvements. It also increases employees' sense of purpose and agency because they see the impact they make, which also leads to better customer experiences and could also positively impact employee retention to boot.

A third way to leverage EX in CX efforts is to integrate customer and employee journey maps to identify and diagnose customer problems. Some CX problems result from gaps or inconsistencies in employee skills and knowledge – or ineffective policies and outdated systems that negatively impact employees' attitudes and their ability to do great work.

A map that correlates and calibrates the journeys of customers with the journeys of employees helps identify employee pain points that negatively impact the customer as well. Insights into what employees are experiencing provides a unique perspective on customer processes and systems that can't be derived from customer data alone.

For example, when Best Buy mapped its employee journey, it discovered that employees were having trouble adopting a new point of sale (POS) system it had rolled out. And at the same time, the company knew customers were complaining about long waits at checkout — and could have written it off as a standard customer service issue. Instead, Best Buy used employee research and an experience design approach to improve the system and to bring in new technology that reduced POS training and transaction time. At the time these changes were rolled out, they reduced frustration for employees, which improved employee retention, while improving CX.

Have a single view of performance across both dimensions.

Finally, providing visibility into CX *and* EX performance together further advances CX efforts. Companies can provide a complete view of the interlinked employee and customer experience by integrating KPIs from both areas into a single view with a dynamic report instead of using separate datasets and dashboards.

With simplified, integrated reporting, managers can better diagnose and track issues. Healthcare facilities services provider Medxcel uses a composite site-level metric to assess how each of its sites is doing on customer relationship health, customer transactional performance, *and* employee engagement.

Also, when employee performance is reported relative to customer metrics, employees tend to become more engaged with the organization and adopt a stronger orientation to business results. When O2, the telecommunications business that is part of Madrid-based Telefónica, wanted to transform from a mobile service provider to a digital telecommunications brand, it published an employee dashboard that summarized customer results from activities related to the initiative and reported the results in weekly leadership team presentations. This prompted employees to feel more ownership for the transformation and to want to develop innovations that advanced the company's new identity.

When you have better employee understanding of the desired CX and their impact on it, you can also inspire greater commitment to the organization and its goals. Even more evidence that it makes sense to prioritize EX in CX efforts — especially now.

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