

Customer loyalty and employee engagement: an alignment for value

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Business leaders face a critical paradox in today's corporate context: unique changes and transitions within the business landscape, including digitalization and disintermediation, have prompted a concession of power over corporate reputation and messaging from an elite group of senior managers to stakeholders, including employees and customers. This unprecedented degree of stakeholder empowerment presents executives with the realization that the voice of the customer – not the company – establishes deliverable value, and that internal standards of quality and satisfaction are instrumental in shaping these delivery strategies. Likewise, stakeholder empowerment means that measurable customer insights can (and must) be used to develop programming that drives internal priorities, investments, focus and alignment.

This new reality makes finding answers to two key questions (directed at customers and employees, respectively) imperative for business success:

1. Would you recommend this brand, product or service to a friend/colleague?
2. Would you recommend working for this company to a friend/colleague?

The crux of the challenge for business leaders is establishing a tangible connection between what the answers to these two questions represent: the degree of customer loyalty on an external level, and the degree of employee engagement on an internal level. The rational, emotional triggers derived from these questions are determinants for loyalty and commitment – both of which define and drive the success of brands.

This paper will demonstrate that the rational, emotional triggers derived from the aforementioned questions can not only be used as determinants for loyalty and commitment, but that they can also be measured in a macro manner through mathematical indexing based upon algorithms, econometrics and normative data. The resulting, quantifiable convergence of employee engagement and customer loyalty data enables a conclusive connection between internal and external motivations, and thus drives sustainable profitable growth.

With the establishment of this valid convergence based on employee engagement indexing (EEI) and customer loyalty indexing (CLI), the paper will then highlight the companies at the forefront of defining and shaping integrated business strategies based on this data to achieve the ultimate business outcome: profitability founded upon a connected workplace and marketplace.

The new business reality

Before exploring the revolutionary method of establishing a measurable connection between employee engagement and customer loyalty, it is important first to understand the business environment that necessitates this strategic way of thinking.

The author wishes to acknowledge the contribution of Courtney M. Barnes to this article. Ms. Barnes is the Editor of *PR News*.

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As recent as a decade ago, the business backdrop was unrecognizable compared to its current incarnation. Then, communications between corporations and their constituents – employees, investors, customers, NGOs – were extremely controlled, where power over messaging and corporate reputation remained in the hands of a small but elite group of business executives.

Because of this controlled environment, corporate functions, including marketing, investor relations, human resources and employee communications, could remain completely siloed with little risk or negative consequence; messages were created by one corporate function for its specific “entity”, and were then disseminated accordingly.

Now, consider the present business reality: The digitization of communications channels, combined with the creation of innovative technologies, has empowered constituents to create and disseminate their own interpretation of corporate identities and reputations. The marketplace is bloated with these digital enablers, collectively referred to as Web 2.0: Social networks such as MySpace and Facebook; online communities such as blogs and wikis; and video platforms such as YouTube. All of these channels share one commonality – features that give constituents the ability to generate their own content, and to access others’ on a real-time basis. As put by Roger Bolton, president of the Arthur W. Page Society and senior counselor of APCO Worldwide, “Web 2.0 has put tools of information production into the hands of the masses.”

Couple this with another trend that cripples corporate executives: Pervasive financial scandals and fraudulent accounting behaviors have prompted increased scrutiny, a heightened regulatory environment and decreased public trust. Now, corporations are under a microscope, and every misstep is recorded in cyberspace. This threatens the most valuable and vulnerable asset an organization possesses – its reputation – and demands increased transparency on the part of customers and employees.

Just as it has enabled stakeholder empowerment, the current business environment has also altered the meaning of corporate reputation from a static definition to a moving process. Paul Argenti, professor at the Tuck School of Business at Dartmouth, defines corporate reputation in the following way:

- corporate identity (name, self-presentation, logo, etc.) is filtered through constituents (specifically, customers, investors, employees and the community);
- said constituents develop their own perceptions according to their interpretation of the corporate identity; and
- the sum of these perceptions equals the corporate reputation.

In short, the corporate context has mutated into a challenging and unsettling reality for business leaders: The constituents are kings, and corporate executives are their minions.

The critical need for employee engagement and customer loyalty

The need for a shift in engagement strategies should now be clear, and there is mounting quantitative evidence that the link between employee engagement and customer loyalty is significant. For example, a June 2007 study conducted by Best Practices showed that there is a recognizable link between employee engagement and customer loyalty – specifically,

companies that engage employees show gains in customer loyalty and satisfaction. Among the findings culled from *Fortune* 100 clients:

- there was a dramatic 1,000 percent increase in errors among disengaged versus engaged employee populations; and
- 75 percent of high-performing companies hold managers accountable for engaging their employees.

Thus, corporations can no longer create and disseminate messages in a vacuum and expect to maintain strong reputations and relationships with their constituents. But what can senior managers do to regain some of this lost control and to rebuild ailing relationships? It is a question that plagues business executives, and the answer lies in the ability to quantify two key business drivers –customer loyalty and employee engagement; and then to shape strategies based upon this newfound data.

The first step in achieving this new level of business strategy is to identify the key constituents that drive the need for change: customers and employees. The business environment described above empowers these two groups above all others. If you question this as opinion rather than fact, consider the following supporting evidence, based on both positive and negative examples:

- When news of Wal-Mart's pervasive mistreatment of employees hit traditional media outlets, conversations among employees and customers began to percolate in the blogosphere. The corporate behemoth's behavior was lambasted on all sides, and its financial performance and reputation plummeted.
- Virgin Mobile USA can attribute its growth to nearly 5 million subscribers to its low customer-turnover and superior referral rates, as well as its straightforward pricing policies (McGovern and Moon, 2007).
- Life Time Fitness health club offers 30-day money-back guarantees instead of relying on annual contracts, as do most of its industry competitors, in turn creating loyal customer advocate. (McGovern and Moon, 2007).
- Southwest Airlines is consistently ranked among the top corporations in terms of its reputation and brand, and customer loyalty is its bread and butter. For example, the airline's executives welcome customers to voice the opinions, which are taken very seriously. By hosting a blog on which customers and employees can comment freely, and by encouraging customers and employees to create videos expressing their feelings for the airline, Southwest has created a legion of customer and employee evangelists. Case in point: One passenger took video footage of an impromptu ukulele performance by a Southwest employee attempting to entertain passengers during a delay. The passengers cheered, and the consumer-turned-video-producer subsequently posted the clip on YouTube.
- In 2002, Wells Fargo implemented a new brand strategy that focused on customers first, using employees as the key channels for doing so. According to Chris Hammond, communications director of Wells Fargo, "We view all of our team members who have customer service responsibilities as both PR stewards and ambassadors for the brand. Creating that culture is essential. It all starts with the team members, who have the responsibility to create exceptional customer experiences." Thanks to this strategy, the company is America's Most Admired large bank according to *Fortune*, the 12th most admired company in the world according to *Barron's*, and it's among the world's most profitable corporations.

Because corporate reputations and, in turn, bottom-line business results, now depend on a corporation's ability to build strong relationships with these two constituents, quantifying the power vested in employee engagement and customer loyalty is the new business imperative. And while the ability to tangibly establish the convergence of these drivers is still in its infancy, the focus on motivations and purchasing behaviors is not. Customer satisfaction and employee productivity have long been known to boost financial

performance; now, new mathematical measurement models can bridge the gap between qualitative hypotheses and a quantitative connection between customer loyalty and employee engagement.

Employee engagement and customer loyalty indexes

The value of engaged workers and loyal customers is no longer an intangible business asset. A combination of the desire for fact-based decision making; the recognition of stakeholder empowerment; the challenge of “selling in” organizational influence; the need for benchmark analytics; a shift toward incentive-based compensation; the increasing ease of data compilation and analysis; and a better understanding of decision motivations have resulted in the creation of mathematical measurement models. These models are based on algorithms, econometrics and normative data, and they are capable of producing employee engagement and customer loyalty “indexes”.

Arriving at these indexes is an ongoing process rather than a simple procedure. Before establishing the convergence of employee engagement and customer loyalty through these indexes, it is important to understand the process of each one individually.

Customer loyalty

Customer loyalty is a concept that has evolved over time. In its earliest iteration, prior to the mid-1980s, it was defined solely by product quality – in other words, delivering on a promise and meeting minimum standards. The quality-driven movement slowly transformed into a customer-driven one in the late 1980s and early 1990s, when companies began focusing on what customers wanted and responding to their complaints. This was still an embryonic era in the timeline of relationship management, as value to the customer was still absent from the equation. It entered the picture in the late 1990s, when market focus shifted to competitors. Only then did meeting the critical needs of targeted customers primarily through creating new, unique benefits become an approach to outperforming competitors. The customer relationship management process evolved to its current stage, when relationships and loyalty became central to business success. Now, the focus rests with attracting and retaining targeted, profitable customers, and with creating relationships through trust and commitment.

However, the degree of a customer’s loyalty can be hard to define. This paper argues that loyalty can be measured by asking the question, “Would you recommend this product or service to your friends and colleagues?” Previous managers and scholars have argued the same point. For example, in the December 2003 *Harvard Business Review* article “The one number you need to grow”, author Frederick Reichheld writes that:

The best predictor of top-line growth can usually be captured in a single survey question: Would you recommend this company to a friend? . . . In most of the industries studied the percentage of customers enthusiastic enough about a company to refer it to a friend or colleague directly correlated with growth rates among competitors. Willingness to talk up a company or product to friends, family, and colleagues is one of the best indicators of loyalty because of the customer’s sacrifice in making the recommendation. When customers act as references, they do more than indicate they’ve received good economic value from a company; they put their own reputations on the line.

The aforementioned HBR article by McGovern and Moon further supports this point, stating: “Why do companies bind customers with contracts, bleed them with fees, and baffle them with fine print? Because bewildered customers, who often make bad purchasing decisions,

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can be highly profitable. Most firms that profit from customers' confusion are on a slippery slope. Over time, their customer-centric strategies for delivering value have evolved into company-centric strategies for extracting it. Not surprisingly, when a rival comes along with a friendlier alternative, customers defect."

Reichheld examines this concept of profiting from bad purchasing decisions in his book *The Ultimate Question: Driving Good Profits and True Growth*, writing:

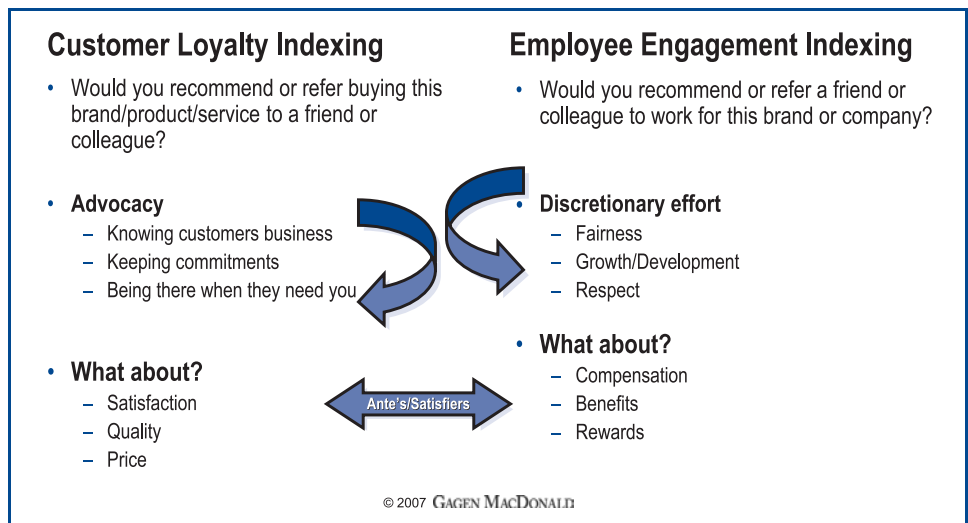
[Bad profits] are profits earned at the expense of customer relationships. Whenever a customer feels misled, mistreated, ignored or coerced, then profits from that customer are bad. Bad profits come from unfair or misleading pricing. Bad profits arise when companies save money by delivering an inferior customer experience. Bad profits are about extracting value from customers, not creating value (Reichheld, 2006).

The crux of a customer loyalty index, then, is creating value by answering the question, "Would you recommend or refer buying this product/brand/service to a friend or colleague?" Markers of a successful customer-loyalty foundation are satisfaction, quality and value, as these three factors equate to customer advocates who trust a brand. However, it is not a one-sided approach; in order to create customer advocates, internal actions, including knowing the customers wants/needs, keeping commitments and being there when the customer needs you, must be taken on an ongoing basis.

Customers define their loyalty based on a 360-degree experience (see Figure 1). There are awareness and consideration, where potential customers interact with collateral, advertising and media coverage to decide whether or not they would consider a product/service. This then transfers to a preference/purchase stage, where the product, pricing, PR, internet information and reputation interact to inform a purchasing decision. Then, should the potential customer buy the product/service, loyalty and commitment become the focal point; everything after the "sale" must be leveraged and maximized to consummate the new relationship, from quality assurance and technical support to training and partnerships.

Should the three segments of the customer experience be positive and consistent, the customer would most likely recommend the product/service to others. The fact of the matter is that the responsibility for delivery of these various dimensions lies within different functional areas of most companies (some from the outside). While some companies have figured out the functional interdependencies and taken an "outside in" view, in the vast majority of circumstances they do not act in a coordinated manner and are, in fact, siloed. The resulting customer experience is inconsistent, as it is a rarity in the corporate world for a

Figure 1 The ultimate or big question – intended to be indicative of "future behavior"



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single, coordinated function to take accountability for the “net” customer experience. It is usually an amalgamation of functions trying to perform at a level that meets expectations.

Employee engagement

While customer loyalty has a long and storied history, employee engagement is a relatively new concept. Talent management and leadership have taken on new importance as competition to attract and retain strong employees becomes increasingly fierce. Thus, the employee experience becomes just as important as the customer’s. Additionally, as the competitive playing field has leveled (in that every company has access to the same technology) companies have begun to realize that differentiation is related to their ability to attract and retain quality human capital. Optimization of human capital is virtually every company’s goal, with the prize being a level of discretionary effort that results in loyal customers. Delivering a superior customer experience boils down to making an extra effort, one that is consistently better than the competition.

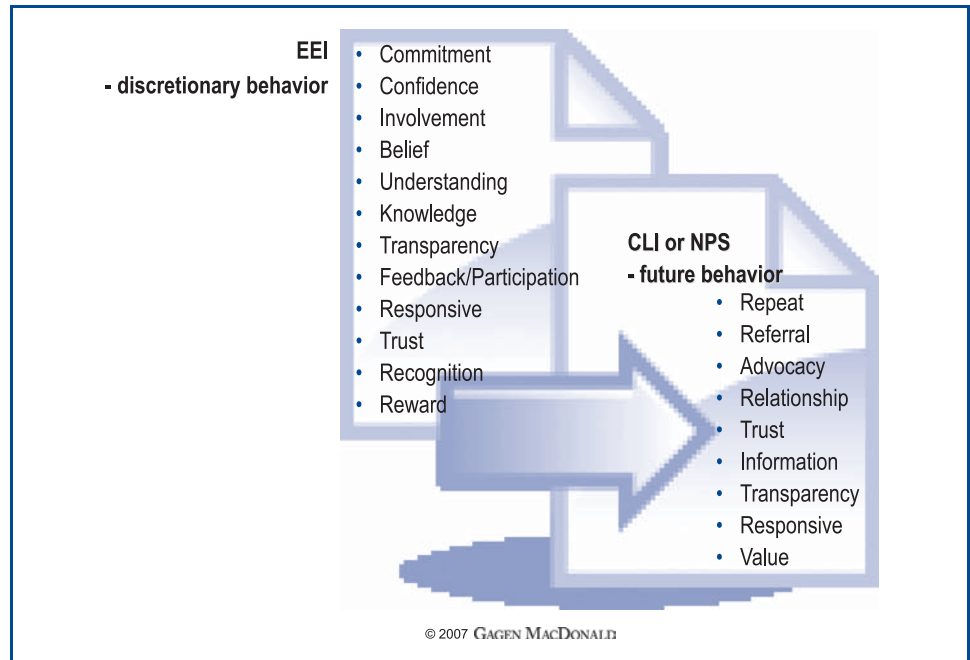
In 1999, The Gallup Organization published research showing that engaged employees are more productive, more profitable, more customer-focused, safer, and less likely to leave their employer. The review stated that “engagement with employees within a firm has been shown to motivate the employee to work beyond personal factors and work more for the success of the firm”. This is the so-called discretionary effort whereby employees not only go the extra distance to deliver loyalty, but also clearly understand why it is important to the future of the enterprise as well as to their personal performance and impact. Follow-up studies continue to reaffirm the original findings, but companies still struggle with bolstering the employee experience to drive overall organizational value.

According to the May 2005 *HBR* article by Neeli Bendapudi and Venkat Bendapudi, entitled “Creating the living brand”, “It’s easy to conclude from the literature and the lore that top-notch customer service is the province of a few luxury companies and that any retailer outside that rarefied atmosphere is condemned to offer mediocre service at best. But even companies that position themselves for the mass market can provide outstanding customer-employee interactions and profit from them, if they train employees to reflect the brand’s core values.”

As with the customer experience, the employee experience is based on a 360-degree outlook: culture, values, beliefs, flexibility and balance are integral to the decision to become an employee. Then, desires, expectations, growth, development and participation contribute to the overall contentment in a position. However, there is more to it than just the individual employee’s perspective: The workplace, environment, leadership and brand all interact to shape the corporate culture. Finally, compensation, benefits, recognition and promotions determine the employee’s decision to stay with a particular company, or to look for a better opportunity, but research confirms that these “bread and butter” issues are seldom what drive commitment or discretionary effort. It is these less tangible dimensions of employee engagement that virtually all companies are after, but few recognize or understand how to achieve it (see Figure 2).

The question and the opportunity now becomes how to map the convergence of these indexes. Doing so in-house is admittedly difficult, but the benefits of hiring a research organization to compile the data and incorporate it into relationship-management tactics make a powerful argument. A convergence index assesses data points and cross tabulates

Figure 2 Mapping the convergence of indices



them, and then compares the results to normative data, which includes buying decisions or feelings of engagement. Through analyzing the data, executives can then identify strategic problem areas and adjust programming, operational delivery, messaging, media use and, most important, they can use it to articulate outcome-oriented programming to leadership.

But the benefits do not stop there. The results of EEI/CLI create an alignment between employee delivery/understanding and customer wants/expectations, which facilitates integrated messaging and delivery strategies both internally and externally. With an enlightened understanding of the corporate brand, executives have the opportunity to further integrate it into outreach efforts to customers and employees. What's more, the indexes create operational roadmaps, identify supportive behaviors and replace existing satisfaction metrics.

The latter benefit has profound business implications, as the move from measuring outputs to outcomes is both necessary and challenging. Outputs show the effect of an activity (a PR campaign, for example) on constituents, but outcomes go one step further to establish causation. The ability to measure these organizational outcomes and cause-and-effect relationships allows for better program planning because the metrics are driven by behaviors – a key variable in today's tumultuous relationship-management environment. Additionally, most employees are motivated by impact and these indexes provide an opportunity to provide a line of sight between their day-to-day job and success of the enterprise in the marketplace.

The challenges of indexing

While the opportunities presented by EEI and CLI are invaluable, executives must be aware of the pitfalls to which they can fall victim. Successful indexing requires functional partnerships among communications, marketing, sales and finance for customer loyalty indexes, and among communications, human resources, marketing and finance for employee engagement indexes. As previously mentioned, the tendency to still have siloed business functions is among the greatest threats to corporations today, making these partnerships difficult to achieve. Strategic integration is the obvious solution, though actually achieving it remains an ideal rather than a reality.

“The companies with the greatest reputations, both online and off, have rigorous employee engagement programs.”

However, the convergence index does offer help in this context. The results allow corporate executives to align employee delivery/understanding with customer needs/wants/expectations, and they also facilitate cultural assimilation of customer experience with the definition of business success. Both of these steps contribute to consistent messaging directed to all constituent groups.

The second challenge is the fact that the “macro metrics” produced by the indexes can not stand on their own. The macro results identify strategic problems, but micro results help ascertain metrics and shape solutions. It is a question of mathematical model outputs and normative data working to complement each other and, in turn, provide managers with an actionable roadmap of opportunities, improvements and priorities when it comes to influencing the customer experience and employee behaviors. The indexes provide the roadmap, but they still require talented and enlightened executives to “drill down” to root causes, and to sell in the necessary investments and structure to support process and delivery improvements.

Employee engagement best-in-class

These indexing challenges perpetuate the sluggish speed of adoption among organizations; to date, one would be hard-pressed to identify a company that has developed “mature” customer loyalty and employee engagement indexes. However, there are examples of organizations that are showing increased attention to one of these assets.

The companies with the greatest reputations, both online and off have rigorous employee engagement programs. Take IBM Corporation. The company made a boomerang turnaround after suffering from a sickly image in the mid-1990s. But such is not the case today, thanks in part to several innovative internal communications initiatives that target employees to build the brand themselves.

In 2006, IBM's business consulting unit surveyed more than 750 CEOs from all over the world on the subject of innovation and found that: CEOs see innovation as a top priority for themselves and their companies; they see themselves personally driving the agenda; they view innovation as extending into business processes and business models, and how executives manage their workforces and evolve their corporate cultures; and, most important, they see their own customers and employees as the sources of innovative ideas.

These findings underscored a significant mindset shift within the C-suite. Jon Iwata, VP of corporate communications, IBM says:

[These findings suggest] that CEOs are asking for help to drive systemic change across the enterprise. It means that the CEO is looking for ways to engage their employees in meaningful, two-way dialogues, and to find ways to open up their companies to collaborate with customers and business partners.

Iwata points to the communications department's role in harnessing engagement and loyalty within his own organization:

[The CEO survey results] are excellent news for communications executives,” he says. “Of course, this means that the communications function itself must be a model of innovation. We cannot simply rely on traditional mechanisms and models of communication. The good news is that there are so many new tools and models at our disposal. The rise of Web 2.0 allows for just the kind of two-way, personal collaboration and communication that the CEO is looking for, and the economics are compelling.

With this innovative, Web 2.0-centric communications strategy in mind, IBM has implemented tools and strategies to engage employees and customers alike. For example, the company began hosting ValueJams online, during which employees and customers from all over the world could participate in an ongoing dialogue driven by innovative ideas and collaboration. During the 2004 ValueJam, more than 57,000 employees posted 32,000 ideas and comments on how the company's values could be applied to improve IBM's operations, workforce policies and relationships. To date, 35 of the best ideas - as rated by IBMers themselves - are in various stages of implementation. Living corporate values from the inside-out:

- builds internal loyalty;
- allows the organization to cope with change, both internally and externally, especially in the context of consumer-generated media; and
- ensures a positive reputation accordingly.

Iwata says:

These new media models give us additional ways of reaching audiences with messages. Most challenging is that you have to be willing to allow others in the company - I'd say everyone in the company, eventually - to engage with each other and the external world without continuous monitoring and oversight by "authorized spokespeople". But it starts with recognition that we are no longer in control of our company's messages and channels. Once we liberate ourselves from that illusion, we can begin to adopt new ways, tools and approaches.

However, IBM is not the only organization that uses innovation to engage employees. Recent initiatives at Philips Electronics aimed to solve a complex problem: In January 2006, results of an internal survey revealed that the North America division had the worst management communications rating, and that employees reported feeling neglected. The knowledge that this internal problem would have external and bottom-line implications, the communications department approached senior management with an outside-the-box strategy to boost employee engagement: A video game that aimed to erase silos in the organization while building teamwork and camaraderie among employees and managers.

Silvia Avella, communications project manager of Philips North America, says:

We are always looking for ways to reach employees in creative ways. When we found a need to get managers to communicate with employees, and to get employees to rely on teamwork to drive business forward, we presented a business case [to senior management] for building a video game to solve the issues at hand.

The game pitted departments across North America against each other, testing employees on the company, its management agenda and pop culture. Once the initiative ended, the team measured the results and concluded that both objectives - getting managers to engage their employees, and encouraging employees to rely on teamwork to drive business forward - were met and surpassed. Employee Engagement Survey results showed that 72 percent of managers were seen as active role models for company values, as compared to 50 percent in 2005; 82 percent of employees believe Philips has an outstanding future, as compared to 66 percent in 2005; and 65 percent of employees trust Philips leadership, as opposed to 49 percent in 2005.

"We wanted employees to be more engaged," Avella says. "The game was monumental in proving how effective new media is for doing just that."

Customer loyalty best-in-class

In 2005, manufacturing services provider Rockwell Automation faced a situation that, if ignored, would hinder its ability to grow: Its process for communicating important issues about its products had consistently been highlighted as a top dissatisfaction attribute for every customer type globally in the annual Customer Satisfaction Survey. The company's leaders needed to address this in order to grow its brand and reputation, to capitalize on its competitive differentiator, and to reap financial benefits accordingly. But the road to getting

“The employee engagement index addresses the challenge of optimizing human capital by instilling in employees the value of working for the organization’s greater good, rather than just for personal benefits.”

there was mined with challenges; one of which was siphoning the knowledge of its precise competitive advantage out of a vast array of options. To hone in on its key differentiator, Rockwell’s management conducted Customer Loyalty studies aimed at identifying its current strengths and challenges, and at giving direction to subsequent measurement efforts.

The survey established that their focuses of complete automation, global capabilities, products and solutions/innovations weren’t competitive advantages/differentiators; rather, the focus should have been on customer loyalty and intimacy – that is, the operational delivery at all customer touch points, which drives satisfaction, loyalty and advocacy. A quantitative benchmark study of 2,494 respondents, conducted in May 2006, confirmed that customer intimacy was indeed a competitive differentiator, with respondents defining attributes as: being a trusted strategic partner; having deep knowledge of the customers businesses; being responsive and supportive of customers’ needs; and focusing on communications.

The management team took a portfolio of data that once collected and analyzed in comparison with normative data provided by research firm GfK, revealed a customer loyalty and advocacy score below business-to-business industry averages, and that Rockwell faced tough competition from brands such as Siemens, Schneider and Emerson. Thus, managers knew that shifting their messaging focus from features and benefits to customer intimacy would shape reputation management strategies, as well as increase customer loyalty and retention. With that information in its arsenal, the team was able to define the areas of its business most in need of attention: complaint resolution, service/support, pricing, tools, training, information, communications, benefits quantification, availability, quality and contact. This newly-focused competitive advantage honed in on a single point of accountability and sustainable, focused process improvements.

Actualizing the customer intimacy differentiator first required identifying every aspect of the customer lifecycle.

These customer-lifestyle aspects helped Rockwell executives establish a baseline for customer loyalty, satisfaction and advocacy, and identify targets for improvement. Most relevant to the discussion of CLI and EEI, and their impact on deliverable value, is the insight this data provided into how customers make purchase decisions, and into what drives repeat business (loyalty) and recommendations (advocacy). For example, Rockwell’s benchmark study demonstrated that customers whose complaints are handled well are more loyal and more likely to advocate on the brand’s behalf than those whose questions or concerns are not addressed.

Then, the normative data provided by GfK contributed to the overall Customer Loyalty Index, which included four dimensions: behavioral loyalty, emotional ties, future intentions and rational ties. The index enabled Rockwell’s leadership to create a focused operational strategy for handling customer loyalty and intimacy issues: It implemented a customer project management office, through which all customer-related process improvements were prioritized and addressed. This office has the authority to delve into any area impacting customer experience, and to identify, lead and recruit resources to address improvements.

The integrated structure of this role became integral to its success in making the customer experience both a differentiator and an asset. Progress is reported to leadership monthly, maintain running lists of process improvements and use a tracking and reporting system. Additionally, the CLI was placed into the corporate scorecard, ensuring a continuing emphasis on its performance. The customer loyalty index implemented by Rockwell Automation's leadership had measurable positive results. Specific metrics included:

- a 6 percent improvement in customer advocacy, from 19 percent to 25 percent; and
- a 6-point improvement in the CLI, from 61 to 67 (see Figure 3).

Conclusion

The development and application of Customer Loyalty and Employee Engagement Indexes is still in its infancy, having only been aggressively pursued by a handful of organizations within the last two years. However, while their intersection is just beginning to be explored, the mathematical models are showing promising signs of granting users competitive advantage – a valuable but nebulous thing in today's complex business context.

The basis of these two indexes is the answers to the following questions, directed at customers and employees, respectively:

1. Would you recommend this brand, product or service to a friend/colleague?
2. Would you recommend working for this company to a friend/colleague?

The answers to these questions are the crux of the customer loyalty/employee engagement challenge because they identify the emotional triggers that determine the varying degrees of loyalty and commitment – both of which define and drive the success of brands. The resulting CLI and EEI – culled from algorithms, econometrics and normative data – have the potential to demonstrate a quantifiable convergence of employee engagement and customer loyalty. This enables a conclusive connection between internal and external motivations, and in turn drives sustainable, profitable growth.

The application of CLI and EEI gives executives a number of advantages. For example, the employee engagement index addresses the challenge of optimizing human capital by instilling in employees the value of working for the organization's greater good, rather than

Figure 3 Internal marketing – the new frontier

The Opportunity

- **Absolute alignment** – between employee delivery/understanding and customer needs/wants/expectations
- **The line of sight** – between meeting customer expectations and employees role in the process
- **Brand understanding** – what it means and ability to carry it forward
- **Change management** – employees are more apt to follow if they can see the reason for change
- **Identify/reward/acknowledge** most desired behaviors
- **Metrics** driven by behaviors
- **Communications as the business partner** – fact based decisions to drive the enterprise
- **Uses communications to culturally assimilate customer experience** as a value critical to success

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Keywords:
Employees,
Customers,
Customer loyalty,
Brands

just for personal benefits. Also, through analyzing the data provided by the indexes, executives can identify strategic problem areas, adjust programming and gain a competitive advantage accordingly. Finally, the results of EEI/CLI create an alignment between employee delivery/understanding and customer wants/expectations, which facilitates integrated messaging strategies internally and externally. Providing senior leaders with these operational roadmaps gives the ultimate organizational benefit: an enlightened understanding of the corporate brand.

While the complete integration of these indexes is still more conceptual than tangible, the overarching business benefits, coupled with the increasingly complicated reality of stakeholder empowerment, will continue to make CLI and EEI convergence a sought-after “golden jewel” for corporate executives.

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