

## **Are Your Employees Destroying Your Business?**

**By Mitchell Goozé**

Numerous published studies in recent years have cited a direct and powerful correlation between how a company's employees perceive they are treated by the company and how those employees subsequently treat the company's customers. Given this demonstrated linkage, forward-thinking companies take actions to understand and improve their employees' perception of their treatment. This article discusses the economic value of this decision and some techniques for improving employee perception so they don't destroy your business.

### **Employees and Customers**

Every day, your most valuable assets – your customers (and clinical research subjects) – are handed off to a group of people whose conduct determines how these customers ultimately view your company. Your employees, most notably your so-called front-line people, have unimagined leverage on your company's success. Couple this with the well-documented correlation between how employees are treated and how they ultimately treat customers, and you have an "opportunity" in the making. Our tendency as owners and managers of companies is to focus our attention completely on pleasing our customers. Without their ongoing support, we certainly would not stay in business for very long. However, when your employees are not treated well, neither are your customers, and that can be very expensive. In today's increasingly competitive world it's difficult – if not impossible – for most companies to establish, much less maintain, a real competitive edge based on just their products. It's been noted for several years that all companies are actually in the "service" business. Service is usually delivered by people at some point. Granted, the increasing omnipresence of automation does help minimize the need to interact with humans. The ATM at the bank or gas station is a blessing to many of us. On the flip side, this simply gives any human interaction that much more leverage – positive or negative.

### **The Cost of Poor Performance**

Employees who don't perform at their best, and to at least your customers' expectations, cost you in three important ways:

- Performing below their capability costs you labor dollars. People who perform at only 80% of their actual effectiveness cause you to spend at least 20% more in labor dollars to accomplish the same task. But if only it was just that simple. People who perform at sub-standard levels because of how they're being treated almost always exhibit the next trait, which is also costing you dearly.
- Observed research shows that these under-performing employees also tend to make more mistakes than do higher performing employees. Employees who aren't treated well by their company tend to exhibit a "don't care" attitude toward their work, resulting in mistakes or incomplete output. If that's not sufficient cause for concern there's always the real kicker:
- The single biggest reason customers quit doing business with your company is because of a perceived attitude of indifference toward them as people – not product, price, or quality! It takes a lot of work for your people to fully satisfy

your customers. If your employees aren't up to it, how do you think your customers are going to be treated? The cost of losing just one customer far exceeds the labor costs wasted by poor productivity or mistakes.

### **Change for the Better**

If you don't want your employees to destroy your business, you must make sure you treat them well. So, how do you do that? Fortunately, and unfortunately, there's a lot more to it than just increasing their pay. Studies of employee communication and staff morale show that managers mistakenly assume they know what their employees want from their jobs. As it turns out, they don't.

### **What Do They Want?**

Managers rate good pay and job security at the top of the list of what motivates their employees. However, most studies show that employees desire:

1. Having interesting work
2. Being appreciated and recognized for a job well done
3. Having a feeling of being "in on things"

Employees said job security was number four for them in priority, and good pay number five. And this is really telling: a feeling of being "in on things" (number three for employees) was number 10 out of 10 – dead last – on the managers' list of what they thought their employees wanted. These studies and statistics clearly show that as managers we must start looking through the eyes of our employees. What can we do to change these misperceptions? The consequences of not doing anything are simply too expensive. Everybody feels he or she is communicating, but it appears everyone is communicating on wavelengths with different values or priorities. What we're really talking about here is a management culture that gives lip services to the words "employees are our most valuable assets," while really seeing them as interchangeable parts. How do you fix this problem or at least minimize it? Here are some methods that have been successful for others:

### **Hire the Right People**

Hire people with the right attitude towards themselves, their work, your customers, and your company. Interview and screen carefully, check references thoroughly, and scrutinize each candidate's track record. Poor hiring decisions can cost your organization many thousands of dollars just for replacement and retraining. And this doesn't even take into consideration the cost involved in lost sales, lost customers, and time. Don't take any shortcuts during the hiring process; it's too expensive.

### **Provide On-Going Training**

The more your employees know about their responsibilities and your organization, the more comfortable and competent they'll feel, and the better they'll treat your customers. Provide them with on-going training. This training can include customer service, technical support, products, company procedures, negotiation skills, team performance, whatever makes sense for the common good. When appropriate, send them to conferences and seminars. Help them to set goals for self-improvement, and work with them to monitor their progress in achieving those goals. Since most people forget much of what they've learned over time, on-going reinforcement of the training is necessary. For example, customer service representatives should participate in an intensive initial training program before they ever

speak to or see your customers. That training needs to be reinforced with regularly scheduled classes throughout the year.

### **The One-On-One Approach**

As a manager, list what you think is important to your employees to get the job done. Have each employee list what's important to him or her. Have them write a list of what they think is important to you, the manager. Then discuss perceptions of what's important to each other. You're now communicating from a better understanding of each other's values.

### **Internal Advisory Committee**

This committee is comprised of a group of employees representing different departments who hold regularly scheduled meetings with management to address the general concerns of all employees. Topics that can be included in these discussions are:

- On-going updates regarding corporate objectives
- Any major changes in policy
- Major changes in management
- Changes in benefits, such as medical plans and vacation policies

In this era of accelerating change, "downsizing," and "rightsizing," these subjects are bound to be of concern to all employees. You can think of others. The key here is to use these discussions to facilitate better relationships internally, while initiating positive changes in your organization. Personal issues, such as personality conflicts, individual compensation, specific benefits, etc., are excluded. Prepare an agenda and follow it during the meeting.

### **Team Discussion Groups**

These groups are composed of seven to ten people who do similar work. The process generally consists of six major steps:

1. Problem identification
2. Problem selection
3. Problem analysis
4. Recommended solutions
5. Management review
6. Recommended implementation

A shared purpose motivates individuals to contribute their energy, skills and abilities. Make certain there is an implementation process in effect to carry out the tasks necessary to achieve agreed-upon goals. We can all come up with great ideas, but most of them simply vanish because there is no process for follow-up and follow-through.

### **Recognize Performance**

It doesn't matter what size your business is or what business you're in. The top motivator for a job well done is recognition of employee performance. Yes, money is important, but what motivates employees to perform at higher levels is thoughtful and personalized recognition. And, for the greatest impact, do it in an open and publicized way. Make it so memorable that your employees will enjoy sharing their story with friends and family. For example:

- Feature them and their accomplishments in your internal newsletter.

- Place their photographs and list their achievements in a public area for all to see.
- Reward them with extra pay, tuition reimbursement, letters of commendation, etc.

Have fun delivering awards. Be spontaneous. The element of surprise has long-term impact. Aubrey Daniels, a leading authority on performance management, explains it this way, "Reinforce behaviors and reward results." Most importantly, if you're not getting the performance you want from your employees, and you don't know why, you need to find out. Ask! The costs to your business are too high not to.

### **Final Thoughts**

No matter what you do to improve product and service quality, it will never reach "perfection." Treating employees well will at least help to minimize product and service quality problems. It also accomplishes one other critical thing: It motivates your people to care enough to want to solve the customer's problem. This motivation gives you the opportunity to create a loyal customer. Customer loyalty is highly correlated with how you handle problems customers perceive in your product/service package. And, of course, loyal customers are your most profitable. So, it seems we have a very simple equation: Well-treated employees (including those that are properly hired and trained) create well-treated customers. Well-treated customers become loyal customers. Loyal customers are usually the most profitable.

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