Designing an Effective PPM Strategy to Impact Corporate Performance

A 10-Step "How to" Guide

More and more companies are getting the message: motivated and satisfied employees play a critical role in satisfying customers, and satisfied customers in turn lead to a superior company reputation and financial performance.

Those that "get it" are viewing this as a much-welcomed wake-up call, laden with financial implications and opportunity. Regardless of their size, industry or geographic location, these organizations increasingly recognize that they may be underestimating the powerful impact their employees can make on company competitiveness.

At the same time that these companies are coming to similar realizations, they are also finding themselves asking similar questions:

"How do we apply these learnings?"

"What should our employee motivation programs look like?"

"How will we know if we're doing it right?"

"How can we measure if we're making a difference?"

This white paper addresses precisely those questions. It summarizes recent research that demonstrates the coalescing connections among employees, customers and financial performance; offers an adaptable "10-Step Process" to help companies motivate their employees in order to satisfy customers, and offers advice on how to measure this process to ensure companies are, in fact, "doing it right."

Beyond Theory: Linking Employees, Customers and Results

The correlation between satisfied employees, satisfied customers and superior company financial performance has never been more verifiable or undeniable than it is today.

As referenced in a previous Marketing Innovators white paper entitled, "The Effects of Employee Satisfaction on Company Financial Performance," organizations have historically built growth strategies based on generating new business and cutting costs, with little consideration given to the role of employees in achieving their growth goals.

Organizations Overlook Employees at Their Own Peril

A slew of studies from distinguished researchers—both independent and university-affiliated—among them Don Schultz (Northwestern University and the Forum for People Performance Management and Measurement), James Heskett (Harvard University) and David Maister (best-selling business author of *Practice What You Preach*)—all painstakingly document the role of employee satisfaction in generating profits at dozens of companies, including American Standard, Ritz-Carlton, State Farm and many, many others.

Beyond the strong empirical data offered by these and other researchers, compelling anecdotal evidence is provided by well-respected CEOs such as Herb Kelleher (Southwest Airlines), Jack Welch (General Motors) and Fred Smith (FedEx) and their past and present counterparts at other companies, each of whom has spoken frequently and passionately about the indispensable role of incentives in satisfying employees and increasing revenues.

Clearly, savvy American businesses are well beyond the "if" as it pertains to the linkages among motivated and satisfied employees, satisfied customers and superior financial results. For them, the question has evolved from "if" to "how?"

The Pursuit of How: A 10-Step Process

To the degree that some executives might hope for an off-the-shelf solution, there is no "magic bullet" for building a successful program that is guaranteed to result in motivated employees, satisfied customers and long-term profits. Every company has its own unique circumstances, dynamics and motivational drivers.

Because of the considerable research being done in this area, however, there is a variety of documented Best Practices that can enable companies to build a tailored program that is most likely to engage, equip and inspire their employees to satisfy customers in terms of service or product quality (or both).

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The most powerful of these prevailing Best Practices are captured in the following "10-Step Process." By following these steps or principles, companies can tremendously increase their potential for harnessing their human capital with the goal of tangibly maximizing overall organizational performance, including customer satisfaction and financial performance.

Although these 10 steps reflect learnings from several sources, they are largely predicated on the emerging discipline of People Performance Management (PPM), which focuses on integrated business strategies that promote organizational growth by maximizing consumer and employee performance. Much of the research done in this area has led directly to increased integration among employees, customers and other constituencies, to the benefit of them all.

The key 10 steps are:

1. Strategic planning
2. Audience identification
3. Fact-finding and involvement
4. Build a program structure
5. Communication and training
6. Rewards and recognition
7. Budgeting
8. Developing program measures
9. Tracking and administration
10. Analysis and feedback

In true PPM spirit, most of these steps address the needs of all of your important audiences. Elements of some steps, however, are particular to your employee audience, which sets the positive "chain of events" into motion by satisfying customers in a manner that yields greater financial performance.

STEP 1: Strategic Planning

Building a program that motivates employees to satisfy customers and, in turn, raises company financial performance, begins with a sound strategic plan built on results-based motivation.

A common mistake is for companies to presume that developing a strategic plan is the same as creating a laundry list of tactics. Rather, your plan should contain specific goals and objectives, strategies for achieving those goals and objectives, and measurable tactics for gauging results. For example, are your actions and behaviors driving customer satisfaction? How do you know?

Another mistake is viewing each of your audiences—employees, customers—as independent of the other. Yes, they may have different satisfaction drivers, but your communications to them should be integrated to ensure everything you're saying and doing consistently supports your most important company objectives.

More than a "to do" list, your strategic plan should read similar to a business plan, outlining all of the key elements of your program, along with timelines, checkpoints and measurements. In particular, it should include many of the other steps that follow in this 10-Step Process (more detailed information on many of the following elements appear elsewhere in this white paper):

- **A program purpose:** What do you hope to achieve? What will employees say, do and believe as a result? What behaviors are you trying to promote within your organization to support your customer satisfaction and profitability objectives?
- **Program goals and objectives:** What precisely are you trying to accomplish in terms of employee and customer behavior and beliefs, and how will customer behavior influence your financial performance? Goals and objectives should be expressed in the most specific and measurable terms possible and cover a clearly identified time frame or series of time frames.

  The key is for these goals and objectives to be not only measurable, but believable. You won't motivate many, if any, employees if your stated purpose is so vague or overly aggressive that no one else understands or accepts it. And if your employees are left rudderless, it will be hard—likely impossible—to build customer satisfaction to a level that positively impacts your financial results.
- **Audience:** Whom, specifically, are you targeting? What are their demographics and circumstances? What is their current level of motivation, capability, buy-in and emotion? Knowing all of this is imperative to developing a macro program strategy.
- **Fact-finding and involvement:** Do you know what internal and external barriers might prevent you from achieving your goals and objectives? Do you understand what actions can eliminate or lessen those barriers? Your strategic planning will have to address this.

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- **Communication and training:** What has to be communicated in order to achieve your objectives? How does this information need to be communicated? What audiences need what information? What are your key messages? How will you disseminate this information? What training do your employees need to deliver performance that satisfies customers?
- **Rewards and recognition:** What types of rewards will be used to motivate the employee behaviors you desire? How do performance metrics need to be modified to reflect your program goals? How can you tie rewards directly to customer satisfaction and, consequently, financial results?
- **Budget:** How much will you spend, and for what?
- **Program measures:** What behaviors will you promote and measure, and how? How will you measure your results? Are your objectives, strategies and tactics truly measurable? Are you prepared to adjust your efforts based on these results?

Again, your strategic plan must account for all of this. It establishes the foundation for your entire effort and helps ensure you're staying on track.

STEP 2: Audience Identification

Perhaps none of the 10-Step Process for motivating employees in order to satisfy customers and enhance financial results has a greater potential impact on outcomes than this step, audience identification.

Understanding each of your audiences, be they internal or external, equals understanding what truly motivates and influences the people whose actions will enable your company to achieve its goals. You also need to determine the capability of your audience to perform the desired behaviors. Therefore, the more you know about your audience, the better equipped you will be to craft a program that reflects their needs.

Your mission in Step 2 is to find out as much about your audiences as possible: What's their income? Their level of education? If they're employees, how long have they been in the organization, and what kinds of rewards and recognition motivate them most? What's their job function? If they're customers, how long have they been customers, and how do their actions tie directly to your profitability? How do they like receiving information (one-on-one, e-mail, meetings, etc.)? Many companies use annual or semiannual surveys to gather the bulk of this information.

When identifying your employee audience, don't forget to take into account the anecdotal, but useful "20-60-20" rule:

Twenty percent of your top performers will probably continue to perform at a high level no matter what you do, because that's what they always do. These employees are likely already satisfying customers and impacting your company's financial performance.

Sixty percent of your employees can go either way; based on your efforts, they could improve their performance and perhaps even ascend to the upper 20 percent. Or, they could regress. It's highly contingent on the structure of your program, which makes this audience not only complicated, but also critically important. Even a small improvement by many people in this group can have a significant incremental impact on your business and can make all the difference in whether or not you achieve your goals.

The final 20 percent probably won't be motivated to "get with the program" no matter what you do, leaving you with a different kind of managerial challenge and decision-making process to deal with: whether to keep these people around.

STEP 3: Fact-Finding and Involvement

Once you've developed a better understanding of your audiences, of what best motivates your employees to satisfy customers and of how your customers most influence your profitability, it's time to better understand the playing field. What business conditions, internal challenges, employee training deficiencies and other factors might affect your business as well as your PPM-based program?

Critical to this process as far as employees are concerned is identifying the behaviors and actions that can have a direct bearing on customer satisfaction, loyalty and profitability. Numerous studies demonstrate the link between employee satisfaction and customer satisfaction, and customer satisfaction and company financial success. To that end, the more you can promote behaviors that promote employee and customer satisfaction, the greater your chances for achieving profitability.

This fact-finding process lies at the root of determining what actions, if increased, will yield your desired results.

Sometimes it's important to have "the courage to be subjective." Sophisticated business people who understand their business will intuitively know some of these challenges. Other challenges, however, will be overlooked unless ferreted out in a very deliberate and strategic manner. There are numerous, and quite likely familiar, ways to gather information and perceptions from key internal and external audiences: surveys, interviews, focus groups, etc. One such process that can prove highly valuable in terms of culling valuable employee-related data is a specialized form of focus grouping called the Nominal Group Technique.

This technique is applied in many variations, but is very well explained in "The Master Measurement Model," a study developed by the American Productivity & Quality Center for the SITE Foundation. This involvement process is designed to elicit the specific information you need about the obstacles facing your target audience—in this case, employees —in reaching its goals and the manner in which you can remove those obstacles in favor of positive actions.

The Nominal Group Technique process starts by finding a trained facilitator—perhaps from human resources or an external consultant. It's important that the facilitator not be viewed as a surrogate for management, which can consciously or unconsciously affect employees' willingness to share information.

The ideal group size is from six to 10 people, representing various employee groups and personality types, so that you get a good representative sampling of your employees. By means of introduction, the facilitator explains his or her role: to identify the means by which the company can achieve its goals and remove its obstacles to achieving them. The facilitator should also make sure to explain that the session is for research purposes only and that input will be reported to management in its aggregate, rather than in any attributed manner. In addition, employees should understand that the input they're providing is one of several elements that will influence the development of any program.

From there, the facilitator begins asking a series of predetermined questions using a round-robin approach, going around the table. Any person can take a pass on answering a question, if desired. All of them are discouraged from making emotional responses to others' answers, which would potentially inhibit open communication. The facilitator should write down each answer on a flip chart or white board, for all to see.

For every question, the facilitator continues the round-robin approach until the group runs out of ideas. At that point, he or she then leads a discussion to root out duplicate answers and to make sure everyone understands the answers that remain. For each question, each participant selects the three favored answers, and a vote is taken to determine the relative popularity of each answer. This yields the group's recommendations.

The final report on these sessions typically provides the three most-favored answers to each question, as well as a compendium of all discarded answers (just in case a great idea was discarded). The result of this process is truly meaningful insight into the beliefs, concerns and motivational triggers of your employee population—information that is critical for any organization to have in order to achieve its performance goals.

STEP 4: Build a Program Structure

Program structure spells out any rules for your strategic plan, including the following:

- **Program duration:** Some of your efforts to motivate employees and satisfy customers might be long term and ongoing, while others might have a relatively short shelf life, designed to accomplish a specific outcome quickly. All of this must be determined up-front.
- **Program qualification:** If some of your employee motivation efforts involve formal programs, it's important to establish which employees are eligible and which aren't. What specific behaviors do employees need to exhibit or what goals do they need to achieve? You can measure both outcomes—the result of employee efforts—our behaviors—actions, which repeated more diligently, contribute to goal achievement. As much as possible, you want to identify specific actions that result in customer satisfaction, retention and profitability.
- **Tracking:** How are your motivation programs progressing? How are your employees performing? Which ones have earned rewards or other recognition? It's important to track these things—and determine how you will do so at the earliest stages of your strategic planning. Likewise with customers; it's important to track their beliefs and behaviors (satisfaction, purchasing, etc.) as they relate to your efforts to motivate employees to determine if your employee-training efforts are making a difference. All of this, of course, should over time correlate to improved financial performance.

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- **Defining your programs:** If your strategic plan includes formal employee rewards and recognition programs (see Step 8), they must be well defined in advance: Do employees have full control over their ability to “win” based on achieving certain goals (open-ended), or can only a finite number of employees earn rewards (closed-ended)? Do you establish levels or plateaus at which employees earn additional rewards? Also make sure to address the need for any program rules, point systems, and the like at the outset. **Above all, have a bias for programs that are most likely to ultimately persuade customers to do more business with your company!**

Any kind of broad-based PPM program demands a participative process. On the employee front, many organizations mandate rewards and recognition programs from the top, using only outside consultants in the design stage. Consultants should only be facilitators, however, not controllers. The company itself should ensure that any plan embodies its own unique characteristics, which it can do by soliciting input from as many people as possible in the planning stage. It’s also critical that the resultant program have management support, at all levels, in order to ultimately gain employee support.

STEP 5: Communication and Training

Any strategic plan to motivate employees and satisfy customers must incorporate integrated communications in order to succeed, because communications hold the key to ensuring employee understanding and buy-in and to ensuring that your customers are getting all of the information they need to know about your company and its products and services.

Your communications should be both strategic and tactical. On the strategic level, you must ensure that your communications reflect both internal and external objectives, considerations and barriers. You must also ensure that what you’re conveying to your employees is consistent with what you’re telling your customers and the rest of the outside world, and vice versa. If you’re using communications to encourage employees to cross-sell products, your customer communications should, in part, emphasize your ability to provide comprehensive solutions.

On the tactical level, a variety of tools can prove valuable to motivate employees in a manner that makes them more customer-centric. Communications can also be used to complement employees’ efforts to satisfy customers. These tactical approaches include:

- **Themes:** To make your efforts memorable and cohesive. That said, resist implementing too many themes, or you run the risk of confusing your audiences with “flavor of the month” initiatives that are here today, gone tomorrow. Program themes should by and large be singular and have longevity. If you are trying to tie in with an external marketing effort, you might incorporate the theme of your advertising or marketing campaign.
- **Well-timed meetings:** To launch new initiatives, or simply have an opportunity to share and exchange information on a regular basis. These meetings can be annual, semiannual, monthly, weekly or periodic. Likewise, they can take place at the local, regional, national or international level, depending on what works best for your organization and its employees and customers.
- **Written materials:** Newsletters, letters from senior management, brochures—all of these can play a valuable role in regularly and easily communicating to employees and customers. Employee materials should also provide useful ideas and tips for helping employees achieve their customer satisfaction and profitability goals.
- **Progress reports:** Regular or periodic reports can give employees a strongly-needed sense of how the company is progressing against its stated performance objectives—or how they themselves are performing against motivation programs, such as incentive programs. Similarly, differently presented progress reports can demonstrate to your employees how the company is benefiting them by developing new products and services, increasing efficiency or hiring new expert personnel.
- **Public recognition:** Considerable anecdotal evidence supports the importance of recognizing employees in a personal, meaningful and, preferably, public forum that enables the recognized employees to earn the respect and admiration of their peers. Customers also enjoy public recognition, and therefore you might consider doing so at highly public company events, such as sales conferences or management training sessions.
- **Designate program champions:** Any organization has informal leaders, whom employees and even some customers turn to for clarification and confirmation of what management tells them. By determining who these people are in your organization, you can enlist their involvement and greatly maximize your chances for success.

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Finally, there's a key aspect to communicating that too many organizations overlook: employee training. Training can include making sure employees understand the desired behaviors and outcomes, and also measures to make sure they deliver them.

There is perhaps no more essential element to outstanding communications and company performance than the appropriate training of employees at all levels. At the executive level, it's imperative that managers understand how to communicate and even embody the company's objectives, and that they learn how to mentor the people who report to them. Among the general employee population, it's often important to conduct training for them to be capable of achieving their performance goals and targets, even if they are already motivated.

At either the strategic or tactical communications level, it's often wise to engage external consultants to complement your own internal expertise; external resources can bring in an often crucial third-party expertise to the challenges your company faces and the goals you're trying to achieve.

STEP 6: Rewards and Recognition

Rewards and recognition represent highly useful ways to motivate employees to engage in specific behaviors. In fact, U.S. businesses invest more than $28 billion annually in noncash incentive and recognition awards, according to the most recent data available from the Incentive Federation Study on merchandise and travel awards—and that study was back in the year 2000!

A growing body of knowledge has begun to shed light on the role of incentive programs, and the impact of cash versus noncash awards. A study titled, "Incentives, Motivation, and Workplace Performance," found that properly structured incentive programs can increase performance by up to 44 percent in teams and 25 percent in individuals—significant stakes.

As for cash versus noncash awards, the "right way" to go seems to depend largely on the particular organization. Most important is ensuring that you're rewarding and recognizing the right behaviors, particularly those that drive customer satisfaction in a manner most likely to increase sales.

Proponents of noncash awards argue that they:

- Provide more recognition, being distinct from salary
- Are remembered more readily than cash, giving a longer-lasting boost
- Support communication and alignment by drawing greater attention to goals
- Generate more company-wide buzz because people feel freer to talk about them than they do about cash awards, which may be reflective of salary

On the other hand, proponents of cash believe:

- Everybody wants cash, making it more motivational
- Cash is simple; no fulfillment or tax challenges
- Incentive programs create a competitive, and hence less-productive, work environment

Research is varied and indicates that both sides make valid points. Managers tend to favor noncash awards, while employees tend to favor cash. According to one study, a company must invest 12 cents to achieve one dollar in incremental profit in a cash program, versus 4 cents in a noncash program.

Again, the key is to gauge the dynamics of your organization, and choose accordingly. The real message here is that recognition and rewards are very positive motivators, regardless of which form they eventually take.

STEP 7: Budgeting

This is probably the most obvious and least enjoyed part of the 10-step strategic planning process. But it's also an essential component, for equally obvious reasons. As with any business initiative, it's important to project and plan for all costs in advance and to determine how initiatives will be funded (via HR, sales and marketing, etc.)

This is especially important if your company is instituting incentive programming or other rewards and recognition, so for that reason this section will focus on specific examples of two kinds of incentive programs: "closed-ended" and "open-ended" programs. Closed-ended programs, with their defined time frames and predetermined number of winners, reflect a fixed cost that is easy to budget. Open-ended programs, on the other hand, are harder to predict from a budgetary perspective, because they likely reach out to a broader audience, could be ongoing and are somewhat unpredictable in terms of how many employees will earn rewards.

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From an accounting perspective, it's best that the budget of your open-ended program be based on a best-case scenario, i.e., company performance was outstanding, and a large proportion of your employees earn awards. The key steps to creating this sort of budget are:

- Establish line items for fixed costs: It might make sense to allocate some portion of a project manager's pay to the program as an overhead expense, or include allocations for any technical help needed for measurement systems, printed communications, training, meetings, promotional products, Web work and performance improvement/incentive company fees. Generally, these expenses will represent about 20 to 25 percent of overall program costs.
- Determine the award values: It's possible to gauge what you will spend based on various levels of performance improvement. For sales programs, many companies allocate between five and 10 percent or more of the value of incremental improvement to rewards and recognition because a greater percentage of incremental gains normally falls to the bottom line than your base line of input. This process will enable your company to establish an arbitrary cost per unit of improvement.
- Set up an award spreadsheet to estimate costs: This would show your baseline data, and new forecasted data multiplied by the award value per unit. This is the simplest way to forecast costs.
- Run "what if" scenarios: Using your spreadsheet, run three forecasts, one showing a best-case scenario, another showing a moderate increase in performance and a third showing only a small or no increase in performance.
- Use the safest estimate: It pays to err on the high side of costs and, as every budgeter knows, to err on the low side in terms of performance improvement.
- Add to fixed costs to get the total: Take your safest estimate on award costs and add it to your fixed costs to come up with your budget.

STEP 8: Program Measures

No phase of your strategic plan is more important, yet more likely to be overlooked, than measurement. Many organizations gauge their programs by gut feel, which actually has its place. Nothing, however, replaces tangible measurements that demonstrate both what's working and what's not. Are your employees "getting it"? Are your customers "getting it"? Again, how do you know for sure?

Thankfully, there exist simple means to determine if employees are motivated to satisfy customers, if those customers are in fact satisfied and if, in turn, their satisfaction is generating better financial results for your company.

From a behavioral-measurement perspective, companies can conduct benchmarking surveys to determine levels of employee and/or customer satisfaction before the strategic plan is put into place. They can then conduct periodic follow-up surveys to see if the plan is "moving the needle" on satisfaction, and analysis to see if improved financial performance is resulting because of it.

Measurement should do more than look at the end results, however; it should also gauge all of the desired behaviors, to determine if there remain any gaps or shortfalls in this area that might be hindering progress. For example:

CUSTOMER SATISFACTION BEHAVIORS	PROFIT GENERATION BEHAVIORS
Prompt and courteous handling of problems…or anticipating them!	*Cross-selling*
Making recommendations before being asked.	*Up-selling*
Acting as a trusted adviser	*Helping reduce costs*
Meeting deadlines (or beating them)	*Encouraging high-volume purchasing*
Offering new ideas and resources	*Creative contract development*
Clear and accurate billing	*Removing organizational silos/redundancies*

Another, even more scientific methodology for gauging success—particularly in cases where incentive programming is involved—is based on the earlier-referenced Master Measurement Model, created by the American Productivity and Quality Center in the 1990s under a grant from the SITE Foundation.

The Master Measurement Model, available at www.sitefoundation.org, is based on the premise that almost any job can be measured and that almost any type of performance can be assigned a value. Since its creation, this model has evolved to include ROI measurement, research on which can be found on the same Web site.

Regarding incentive programs, which will likely play a major role in your strategic plan, there are generally two types of measures that apply: results measures and process measures.

Results measures track the outcome and specific unit increase or decrease in performance related to the goal. In sales, that can mean more revenues or a higher profit margin of business. For an engineer, it could mean projects completed successfully, shorter cycle times for project completion or higher financial contributions of projects.

Process measures look at actions that, if repeated more often or more effectively, will lead to a desired result. In sales, a process measure could mean making more sales presentations or more sales calls. For an engineer, it could mean high internal or external customer satisfaction ratings, or a decrease in the number of rejected solutions.

Both of these types of measurement processes will help your company determine if the right activities and results are taking place, which is obviously very important: determining whether all of this is motivating your employees to keep on producing results requires the kind of surveying we discussed earlier in this section. Yet, it's a pretty safe bet that if your results and process measures are off the charts, your employees are likely quite motivated.

STEP 9: Tracking and Administration

Once your strategic plan is completed and ready to be put into action, it's time to take a step back and ask: Do we have a sound mechanism in place for collecting and sharing pertinent data and for making sure program initiatives roll out on time, as planned?

This kind of tracking and administration can represent one of our biggest challenges, because it's among the easiest elements of the plan to overlook. Fortunately, the advent of Internet and Intranet technology and other online tools makes this kind of tracking and administration less cumbersome and daunting than was the case, even a decade ago.

The most important elements of tracking and administration include:

- Implementing the plan according to the time line
- Having a current database of employees and customers
- Setting up a simple system for collecting and reporting relevant data or information (both to management and to the general employee population, and potentially to customers)
- Creating a regular reporting mechanism, so management knows how the plan is progressing
- Ensuring any rewards and recognition are given on schedule
- Calculating the costs of your employee motivation program(s) on an ongoing basis

On this last point: a sound, strategically-developed employee motivation plan that is also designed to satisfy customers is going to generate all kinds of valuable information. In addition to "keeping the trains running," it's important to ensure that your tracking and administration identifies and shares this information, which could be critical to your business decision making.

STEP 10: Analysis and Feedback

This last step brings us to the stage where you can put to work everything you've learned and accomplished: the analysis and feedback stage.

As referenced in the measurement section (Step 8), programs often have both quantitative (objective) and qualitative (subjective) results. During the analysis and feedback phase, you'll want to compare your program (measured) results against your strategic plan, and attempt to isolate any external factors that could have affected performance, either accounted or unaccounted for in your plan. Based on this analysis, you can then prepare a "Recommendations" or "Next Steps" report to influence the development of future strategic plans—or the reengineering of your current plan, if it's ongoing.

This process can include employee and customer feedback generation to see if any patterns have emerged that could provide ideas for future improvement. Feedback is, of course, a two-way street. In addition to eliciting feedback from employees and customers, you should also be offering it. For example, if you ask customers what improved behaviors will most influence their purchasing habits, you'd better follow up with what you've learned and the improvements you're implementing.

On the employee front, your "returned feedback" should be:

- Objective
- Expressed in terms of measured goals
- Positive
- Provided immediately after the desired behavior or performance
- Easy to administer
- Easy to understand

On the customer front, this feedback should:

- Be passionate, demonstrating appreciation for their business

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- Be actionable
- Consider their perspective (e.g., what it means to them, not you)
- Have time frames for improvements
- Be specific and positive

Clearly, these 10 steps are not cast in stone; executives have to make their own determinations regarding which specific actions and approaches work best for their company and its constituencies. But, regardless of stylistic approach, each of these proceeding 10 steps represents a critical element of the overall strategic planning process, and as such, each one should be represented in any plan designed to motivate employees to satisfy customers and, in turn, generate greater financial results.

As technology evolves and sophisticated disciplines such as People Performance Management become even more ingrained in organizational cultures, there is little doubt that companies will get smarter about how they address each step in this process. Yet, regardless of your company's relative level of experience with this kind of strategic planning effort, if you use this 10-step process as a guideline and litmus test, you will definitely be heading in a direction that should generate very meaningful results for your employees, your customers and your company.

Bibliography

Articles

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Web Sites

www.performanceforum.org:

• Web site for the Forum for People Performance Management and Measurement

www.incentivecentral.org

• Web site for the Incentive Performance Center

Books

The Loyalty Effect by Frederick Reichheld. A landmark book on the power of employee and customer commitment.

The Service Profit Chain: How Leading Companies Link Profit and Growth to Loyalty, Satisfaction, and Value by James L. Heskett, W. Earl Sasser and Leonard A. Schlesinger. Drawing on their years of management consulting experience and academic research, the authors provide compelling evidence that profit and growth can be directly linked to both customer and employee satisfaction. They also provide a macro recipe for "capitalizing on the service profit chain," including management, marketing, operations and measurement strategies.

The Loyalty Link: How Loyal Employees Create Loyal Customers by Dennis G. McCarthy. The author makes the point that the customer-satisfaction "panacea" can't work without loyal, motivated employees. He spells out his formula for developing a loyalty-driven culture that empowers employees to strive to create customer loyalty, and he devotes a chapter to fostering teamwork. The book provides ammunition for managers who are arguing for a special focus on improving customer and employee satisfaction in their organizations.

Practice What You Preach by David H. Maister. Maister is able to show that in many companies it truly is "attitudes that drive financial results, and not (predominantly) the other way round." On a pragmatic level, this allows him to demonstrate how an energized workforce will provide top-quality client service, the key component in any service-oriented business. Practical and accessible, it also includes survey specifics for those who care to analyze them on their own.

The Enthusiastic Employee by David Sirota, Louis A. Mischkind and Michael Irwin Meltzer. This work draws on 30 years of research and experience to show you exactly what managers do wrong and what they should do instead. Encompassing detailed case studies and employee attitude surveys in hundreds of companies, the book offer research-proven solutions, not fads, nostrums or phony shortcuts. Along the way, you'll identify the dollars-and-cents business case for high employee morale, learn exactly what employee morale means, and discover the specific management practices that offer the greatest positive performance impact.

