

The Insync Surveys

Alignment Update

A series of five organisational updates on: leadership; engagement and retention; corporate social responsibility and risk management; reward and recognition; and market responsiveness.

Update five: Market responsiveness

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Introduction

The Insync Surveys Alignment Update is a series of five insight reports which will confirm or debunk common perceptions held by senior leaders faced with mission critical organisational challenges.

This report, the fifth and final in this series, helps leaders understand how to better align employees' actions and behaviours with customer strategies to achieve high performance. It reveals a gap between organisation dreams and reality that can be addressed if employee behaviours are aligned with customer needs. HR and marketing departments can work together to engage employees and improve their experiences, leading to greater customer satisfaction and ultimately greater organisation performance.

The first report explored employee perceptions of leadership. The second provided insight into those factors driving the successful engagement and retention of staff. The third report focused on employee perceptions of Corporate Social Responsibility (CSR) and risk management, and the previous report centred on reward and recognition.

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Methodology

Data gathered from the Insync Surveys Organisation Alignment Survey has been used as a basis for the five reports in The Insync Surveys Alignment Update. The Organisation Alignment Survey measures the alignment of an organisation's vision and strategy with the actions, behaviours and outcomes of its employees. Organisations including those going through significant leadership changes or those adapting to new market pressures use the tool to take stock and then devise the best path for a sustainable high performance future.

The Organisation Alignment Survey is more comprehensive than other employee opinion and satisfaction surveys as it deals with areas that are important for high performance organisations. Despite being more comprehensive than other surveys, the Organisation Alignment Survey takes only 20 minutes to complete online.


The survey has 120 statements measured on a seven point scale where "one" represents strongly disagree and "seven" represents strongly agree.

This study highlights differences among demographic groups. To do this, the seven rating options are aggregated under the titles of “disagree”, “neutral” and “agree” as follows:

Disagree = 

Strongly disagree (1)


Disagree (2)

Neutral = 

Slightly disagree (3)

Neither agree nor disagree (4)

Slightly agree (5)

Agree = 

Agree (6)

Strongly agree (7)

Market responsiveness: key findings

- Many organisations do not adequately link their customer strategies to their overall vision, with only 43% of employees agreeing that their organisation’s customer strategies help achieve long term goals (page 7)
- Organisations with 20-49 staff are slightly more innovative than larger ones, with 61% of their employees believing the organisation is committed to bringing innovative products and services to the market place (page 8)
- Smaller organisations are more committed to retaining customers than their larger counterparts; 79% of employees from organisations with 20-49 staff believe their employer is committed to achieving long term customer loyalty (page 9)
- Less than half of all employees agree that their organisation’s products and services differentiate them from competitors/peers, indicating a lack of clarity and buy-in about what their organisation has to offer and how it’s different (page 10)
- Asking for and responding to customer feedback is an area for improvement for many organisations, with only 38% of employees agreeing their organisation asks for feedback (page 11)
- Implementing marketing and customer change programs won’t be easy as only half of all employees agree that their work group copes well with change (page 13)

About the sample

A sample of over 14,000 employee responses from more than 70 organisations was drawn from Insync Surveys' international benchmark databases, which collectively contain the responses of more than 750,000 people. The responses used were submitted between 2004 and 2008.

A range of organisations are covered, including not-for-profit organisations and those from the public and private sectors. To these organisations, "customers" are defined as anyone to whom the employee provides a service.

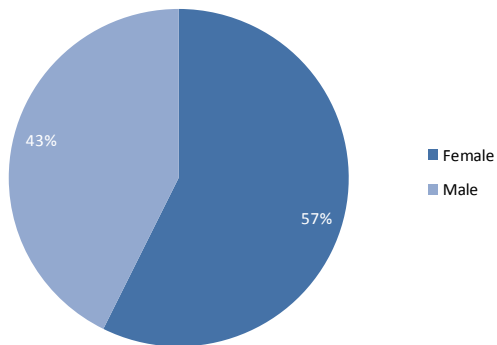
Most industries are represented, including logistics, health care, education, government, not-for-profit, resources, finance, tourism, services, manufacturing and research. Data were collected in line with the privacy policy of Insync Surveys. This policy informs survey invitees that their responses may be used for the purposes of research. It also guarantees that their identity will not be linked to their responses.

Copyright warning

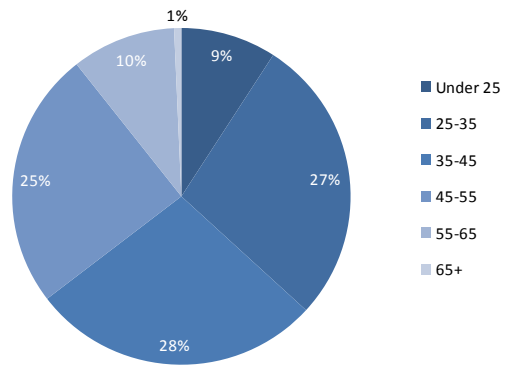
The survey statements included herein are the intellectual property of Insync Surveys and may not be copied or reused without our express prior written permission.

The pie charts below illustrate the distribution of respondents across the various demographic groups.

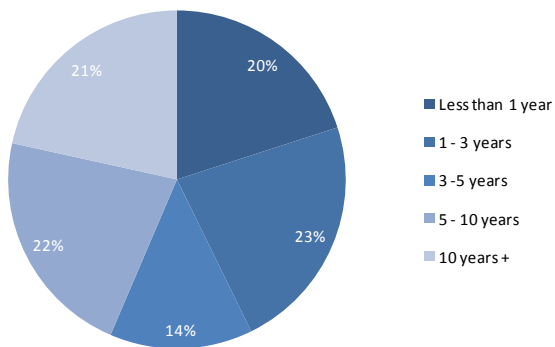
Population distribution by gender



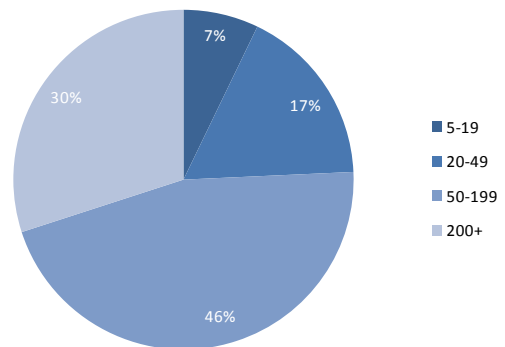
Population distribution by age



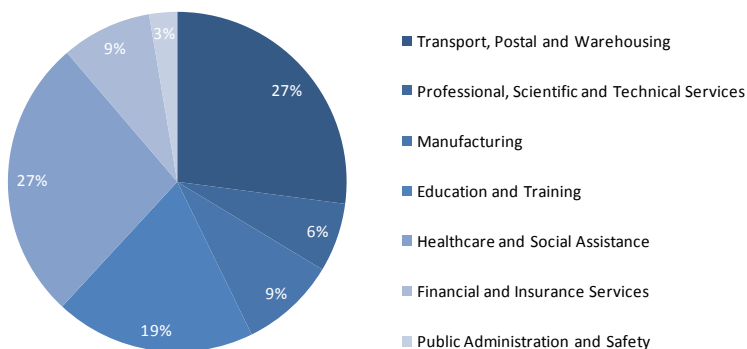
Population distribution by tenure



Population distribution by organisation size (based on number of employees)



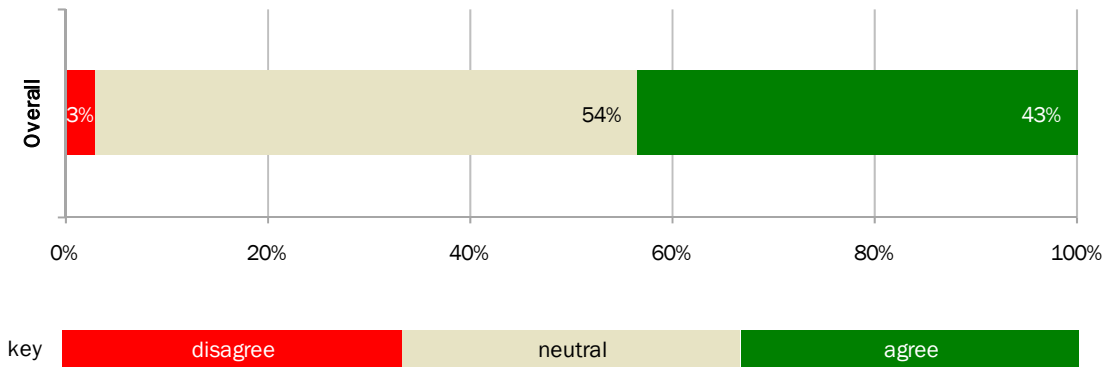
Population distribution by industry



Note: Industry breakdown based on the Australian Bureau of Statistics' ANZSIC 2006 codes.

Employees unaware of link between customer strategies and long term goals

Figure 1 – “Our customer strategies will help us achieve our long term goals”



Not enough employees understand the drivers for success with only 43% of employees surveyed agreeing that their organisation’s customer strategies will help them achieve their employer’s long term goals. Given that the success of an organisation is heavily dependent on patronage, customer strategies must be linked to long term goals and these strategies need to be communicated to all employees so they can relate them to their own roles.

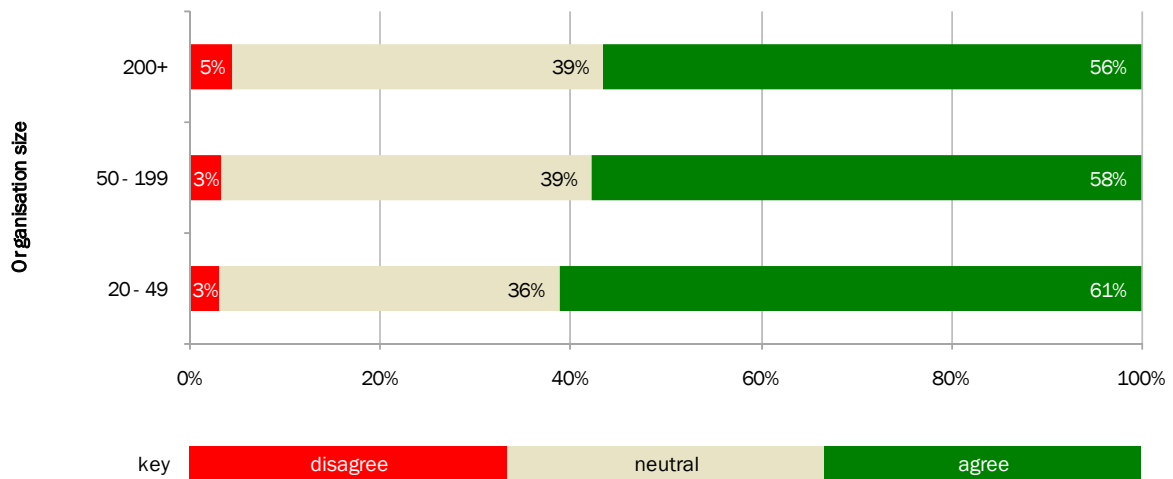
This finding suggests that organisations do not appreciate the importance of integrating their long term vision and goals into a clear and consistent customer strategy, or if they do appreciate it they don't properly communicate it to their employees.

Reducing customer churn or turnover rates by improving customer service may be an appropriate customer strategy. In this example, organisations may help employees realise that by building strong customer relationships, they will contribute to the organisation achieving greater customer satisfaction and loyalty, and a healthier bottom line.

It’s important to remember that employees are brand advocates. They will translate what the organisation stands for – in terms of its brand, values and goals – into reality, and customers will be at the receiving end of this. Organisations can engage employees to deliver value to customers and achieve long term goals with regular communication and by sharing “the bigger picture”. Employees will then realise that individually, they can contribute to the organisation’s success.

Innovative organisations respond quickly to market demands

Figure 2 – “Our organisation is committed to bringing innovative products and services to the market place”



With reference to the statement: “our organisation is committed to bringing innovative products and services to the market place”, employees in organisations with 20-49 staff recorded the highest level of agreement with the statement (61%). The extent to which employees agree with this statement decreases slightly as organisation size increases to over 50 employees.

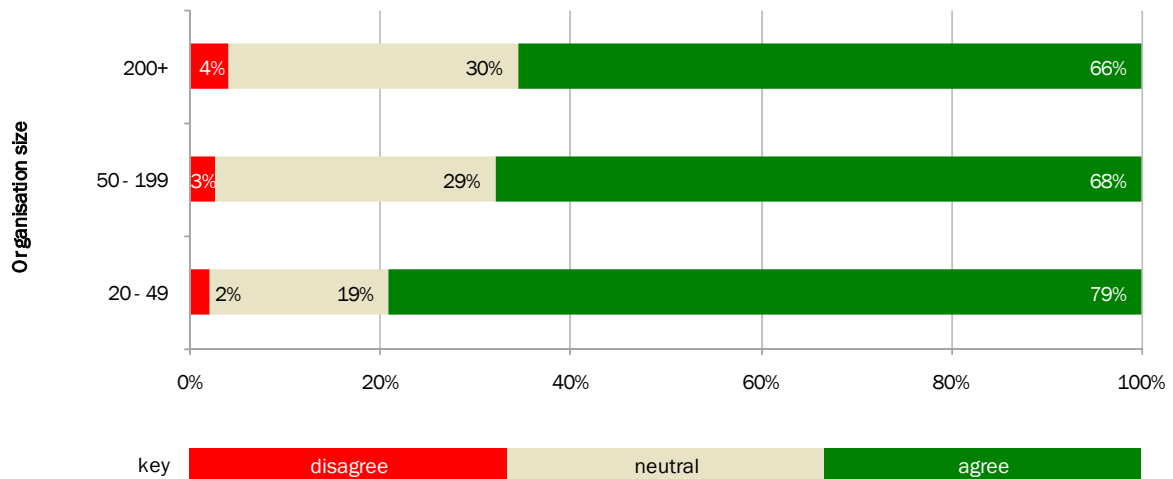
These results support the common perception that smaller organisations are able to respond more quickly to customer demands or market changes, with relatively informal approval processes and flatter hierarchies. Decisions can be made quickly and teams can pull together to get a project over the line.

Larger organisations with over 50 employees can lack the flexibility to respond quickly to market changes. More employees and resources don’t necessarily translate to faster results; some larger organisations get caught up in “red tape”, so they need to strike a balance between following strict processes and being adaptable.

Being innovative is important for organisations of all sizes so they can be more responsive to changes or trends within their market. For example, customers wanting “green” alternatives is an emerging trend that well-positioned organisations can take advantage of and be seen as innovative and listening to their customers. Having the capacity to be innovative will allow organisations to respond quickly to market changes and stay ahead of the pack.

Customers reward smaller organisations with loyalty

Figure 3 – “Our organisation is committed to achieving long term customer loyalty”



Customer loyalty is where smaller organisations excel; 79% of employees from organisations with 20-49 staff agree that their organisation is committed to achieving long term customer loyalty. The level of agreement decreases to 68% in organisations with over 50 employees and 66% in those with over 200.

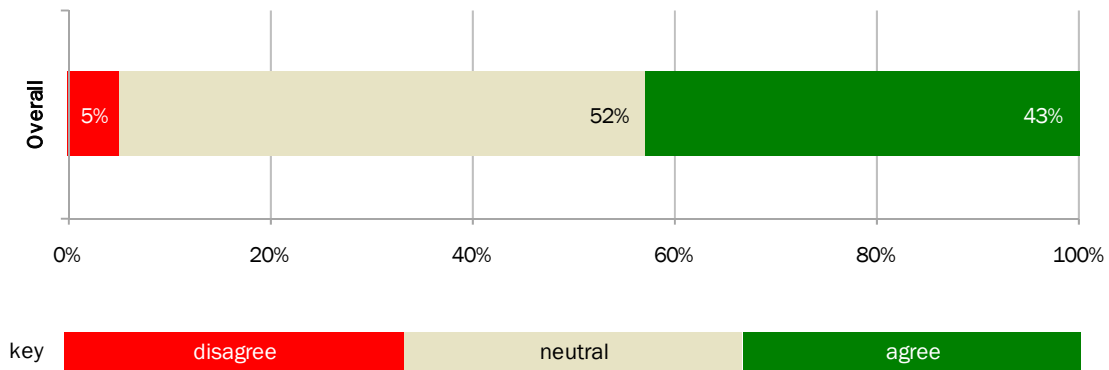
This finding supports the common perception that smaller organisations “go the extra mile” for their customer. Many smaller organisations are advantaged by having a smaller client base and are therefore able to connect and respond directly to customer needs. Also employees in smaller organisations are closer to the customer and are not shielded from them by layers of structure. A happy customer will not only come back but will recommend the organisation to others. Profitability is stimulated by customer loyalty and employees are the ones who hold the greatest power of influence.

For larger organisations to ensure long-term profitability, customer satisfaction and loyalty is vital. Organisations can make their customers feel like they are a top priority by reviewing their customer service practices and ensuring all customer-facing staff are on the same page. Orienting all employees in terms of their contribution to customer outcomes is also important. Recognising and rewarding employee behaviour is a simple and effective way to engage people and align them with the organisation’s approach to customers. A happy employee will deliver value to your customers and spread positive word-of-mouth.

There is an opportunity for HR and marketing teams to work more closely together to ensure employees’ actions are aligned with customer strategies. Marketing and sales can have an appropriate input to induction and training to ensure there’s an emphasis on the organisation’s commitment to long term customer loyalty.

Employees unaware of their organisation’s competitive differences

Figure 4 – “Our products and services successfully differentiate us from our competitors/peers”



Approximately 57% of all employees surveyed were either unsure or did not agree that their products and services successfully differentiated their organisation from competitors/peers. This result indicates a lack of employee awareness in what organisations have to offer compared to their competitors or peers, and possibly a lack of knowledge of the wider market place. Conversely, it can indicate that the products and services of some organisations may not be distinctly different.

Employees are key promoters of their own organisation whether they know it or not. Every employee will discuss their organisation and what it offers, even with friends and family at a BBQ. The impact of not understanding what their organisation does better than or differently to competitors or peers means employees are not promoting their organisation to the extent they could be.

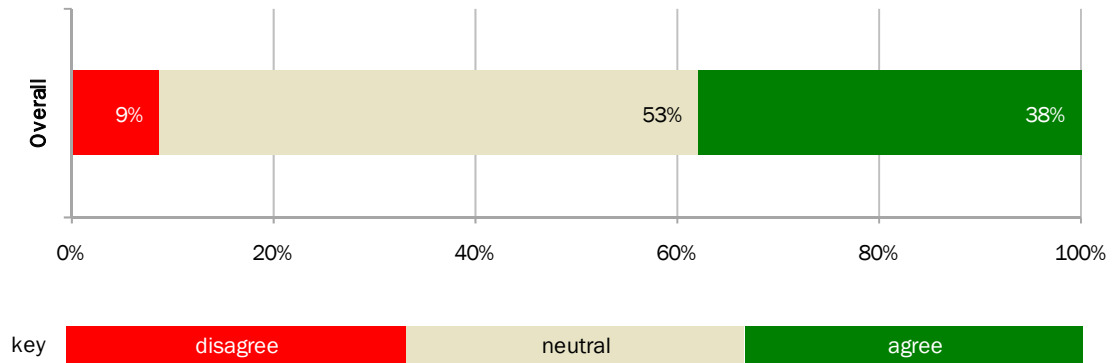
It’s important for employees to take ownership and understand exactly what their brand offers to customers. If employees buy-in to how their organisation differentiates its products or services, it shows they have a deeper sense of commitment and will be more willing to talk positively about their employer with customers, friends or family. This word-of-mouth will enhance and promote an organisation’s reputation, increasing profitability and growth.

Leaders wanting to measure and improve word-of-mouth and loyalty can use Net Promoter¹, which results in a Net Promoter Score (NPS). Customers or employees respond to the question: “How likely is it that you would recommend this organisation to a friend or colleague?”, by rating their answer on a scale from 0 to 10; those rating 9-10 are promoters, those rating 7-8 are passives and 0-6 are detractors. The difference between the percentage of promoters and detractors is an organisation’s NPS, so the higher the score, the more promoters it has. Promoters are likely to be satisfied customers who’ll come back and also refer others to it, translating into growth and greater long term revenue.

¹ Net Promoter is a registered trademark of Satmetrix Systems, inc., Bain & Company and Fred Reichheld

Listen to the voice of the customer

Figure 5 – “We often ask our customers how we can serve them better”



Only 38% of employees surveyed agree that their organisation often asks customers how they could be served better. This either reflects a lack of feedback from customers or a lack of awareness on the part of employees. Given that the success of an organisation is heavily dependent on customer satisfaction and the resulting loyalty, it is of concern that many organisations aren't asking customers how they can better meet their needs. This means organisations are also missing opportunities to develop and improve their customer service.

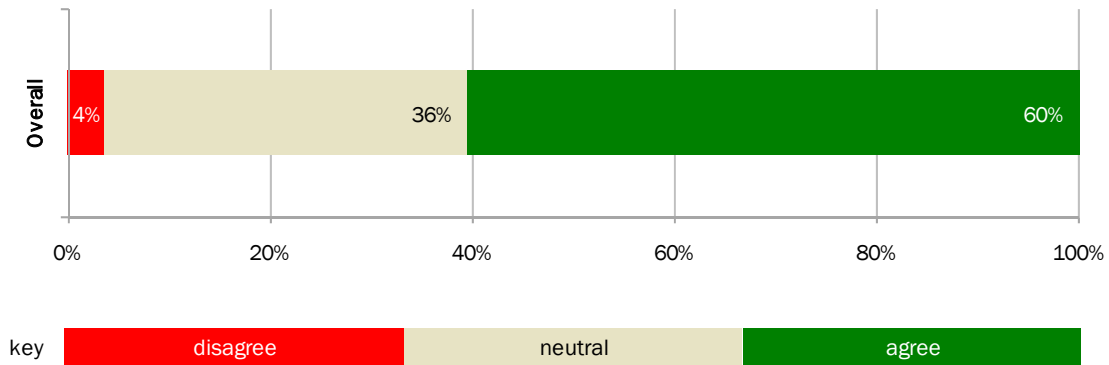
Insync Surveys' clients have found immense value in conducting well designed customer satisfaction surveys. These surveys not only uncover invaluable information for the organisation but also ensure that customers feel valued. Whether customers are happy or not, the fact that an organisation has taken the time to ask means a great deal, and without this feedback, an organisation lacks knowledge on where they can improve.

There's plenty of research that shows it's much cheaper to retain and grow existing customer revenue than develop revenue from new customers. Taking the time to ask your customers how you can serve them better can also lead to the sale of additional products and services.

Organisations that don't have both formal and informal programs to ask their customers how they can serve them better are missing a very low cost and effective way to improve customer loyalty and achieve sales growth.

Organisations can turn complaints into compliments

Figure 6 – “We act appropriately on customer feedback”



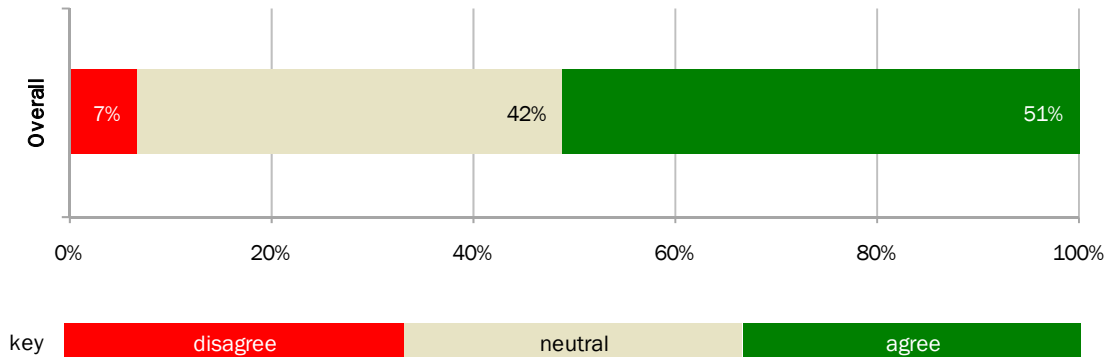
While 60% of employees believe their organisation acts appropriately on customer feedback, 4% disagree and 36% are neutral. If a customer believes an organisation doesn't act appropriately on their feedback, they're likely to find another supplier. It's not only important for organisations to improve this percentage over time but also to pinpoint where urgent remedial action or new initiatives are required.

Customer feedback comes from proactive action taken by the organisation (see figure 5) and from customer complaints. Customer complaints can be treated either as being welcome and an opportunity, or conversely as unwelcome and a nuisance. Organisations with a good customer service culture will thank their customers for their feedback/complaints as that will provide them with an opportunity to improve their product, service or system. Appropriate follow-up action is of course required.

If customer complaints are treated as unwelcome and if appropriate follow-up action does not take place, the customer is likely to leave the organisation as soon as possible. While remaining a customer, this person or organisation is likely to be an active “detractor”.

Be ready for change

Figure 7 – “Our work group copes well with change”



Many employees are unsure if their team is capable of adjusting, with only 51% agreeing with the statement: “our work group copes well with change”.

This finding suggests that employees may not deal well with organisational changes, such as a new strategic direction, or changes in management and/or organisation structure. In terms of organisations being market responsive, this result is not ideal. Employees must be receptive to workplace changes to allow organisations to move quickly and respond to customers and to changing economic conditions.

Organisations that cope well with change have built change capability into their culture and the way they operate. They plan change programs well in advance and have extensive and ongoing communications to explain the strategic reason for the change.

Organisations that cope well with change will benefit in times of deteriorating economic conditions and changing industry dynamics. Organisations that don't cope well will need to significantly improve their planning and communications around their change programs.

Tips for aligning employees and customers

- Ensure all employees understand how their role fits with your customer strategies and the organisation's long term goals; an example is to encourage them to build strong customer relationships for greater customer loyalty
- Listen to customers so you can respond quickly to changes or trends within your market and get ahead of the pack
- Keep customers satisfied and coming back by ensuring employees are recognised and rewarded; also try aligning HR and marketing to communicate a consistent customer message to staff
- Allow staff to take ownership and understand exactly what your organisation does better than competitors or peers; they'll display a stronger sense of commitment and spread positive word-of-mouth
- Customer feedback is gold; organisations should ask for it and respond to it appropriately to retain and enhance customer loyalty
- Build change capability into your organisation's culture to be more responsive to the market

About Insync Surveys

Insync Surveys is a 2009 *BRW* Fast 100 company. With offices in Melbourne, Sydney and Perth, we deliver customer, employee, board and other stakeholder surveys for some of the largest organisations in Asia Pacific, including: Cathay Pacific, Foster's, Toll, AXA, Medibank Private, WorleyParsons, the New South Wales Department of Community Services, the Victorian Department of Primary Industries, Tourism Western Australia, iiNet, Fairfax Digital, QLD Department of Emergency Services, TT-Line (Spirit of Tasmania), Melbourne Cricket Club, many local councils, most university libraries and Mission Australia. This experience allows us to benchmark your results. Insync Surveys' organisational psychologists help your organisation to improve performance and the working lives of your people.

Contact us

To discuss your organisation's alignment needs or to access all reports in The Insync Surveys Alignment Update for free, contact:

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