The Complex Links Between Employee and Customer Engagement

Employee engagement and customer engagement are inextricably linked. But in my experience the linkages between the two are far more complex and subtle than many business leaders anticipate. As a result, businesses risk wasting both money and opportunity in taking a simplistic approach to building colleague and customer engagement.

Over 15 years ago, for example, I undertook a project with Safeway, the UK grocer that was subsequently acquired by Morrisons. The retailer had launched an employee engagement project on the premise that by raising the satisfaction of store colleagues, customer satisfaction, loyalty and sales would improve.

The only problem with the company's approach was that the stores with the highest levels of staff satisfaction were those where customer satisfaction was lowest. While colleagues enjoyed working in stores where managers allowed a more relaxed working environment, customers were happiest in stores that were more tightly run and operating standards were higher, even if this was at the expense of colleague engagement and satisfaction.

Around 10 years ago, when I was working for Boots the Chemists, the retail director came back from a conference excited by an insight he'd picked up that a 4% improvement in customer service scores would deliver a 1% improvement in sales. He quickly launched an initiative to drive up customer service standards to help drive store growth. Yet, despite the improvement in service, sales improvements were negligible.

These projects were, admittedly, some years ago, but the same rules still apply. Only last year, for instance, the CEO of Amazon came under fire for creating a working environment that was said to be excessively stressful for its people, many of whom had become disillusioned and disengaged. And yet, customer satisfaction with Amazon continues to grow.

My point is not that you should make your people miserable, but that each company is unique and the relationship between employee engagement and customer perceptions is less straightforward than you might expect. This means that you need to find the employee, customer and technological solutions that are right for you, and not simply accept and copy what's worked elsewhere.

At the recent 2015 EngageCustomer Conference, one of the big insights was that engaged employees were 3.4 times more productive than disengaged colleagues. This average might be true, but it is unlikely to apply to your organisation. In your business, the multiple might be 10, but it could also be a lot closer to 1. You will only know if you develop, test and refine the right solutions for you.

Getting engagement right is hard work, and often takes years of effort and persistence. What steps are you taking this year to make sure that you create an engagement strategy that is right for your customers, your people and your organisation?