The Vital Link: Out-in-Front Leadership, Customer Excellence, & Revenue

White Paper

TalentKeepers® is celebrating 15 years of providing award-winning employee engagement and retention solutions to help companies around the globe increase their performance. We provide employee engagement solutions, leader development programs, on-boarding processes and standardized or customized surveys, and other key talent management services to address critical business issues and enhance stakeholder value. We help you respond to industry and market factors that create uncertainty and organization exposure. Let us help you build a culture that keeps your best talent, boosts productivity and delivers outstanding performance.

Please direct questions, comments, and press inquiries to solutions@talentkeepers.com, please access our website at www.TalentKeepers.com or call 407.660.6041.

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The Vital Link: Out-in-Front Leadership

For over thirty years, researchers have undertaken numerous studies to examine the connection between customer and employee satisfaction. Research aimed at quantifying the impact of these two important links on overall performance began in 1980 with Benjamin Schneider’s survey of satisfaction levels of bank customers and employees.

Studies such as Frederick Reichheld’s “The Loyalty Effect” (1996) and James Heskett, W. Early Sasser, and Leonard Schlesinger’s “The Service Profit Chain” (1997) followed, producing the first sets of hard data quantifying the direct links between customer service variables, employee variables, and financial results. Also in 1997, research identified drivers of an effective service environment, finding evidence of a circular relationship between employee satisfaction and retention, customer satisfaction and loyalty, and increased profitability.

Sharing a strong passion for helping clients improve results in the areas of customer service and profitability, TalentKeepers conducted their own research to narrow in on key drivers of business success, focusing mainly the leadership behaviors that impact employee engagement and retention. Of recent, the aim for TalentKeepers has been to determine the extent to which top management is responsible for creating and sustaining an organizational climate that supports high levels of customer satisfaction and revenue.

A new TalentKeepers’ study done with a large Fortune 50 organization revealed that out-in-front leadership was one of the four major contributors to the company’s overall global success in the area of employee engagement. In another recent survey about employee engagement and retention challenges (with over 800 organizations participating from a range of industries), we analyzed business issues impacted by employee turnover. “Morale and Culture” ranked as the highest issue and even managed to rise significantly from the previous year.
This finding squarely puts the focus on Morale and Culture and challenges organizations that perhaps had not previously prioritized this into new ways of thinking.

In order to ensure optimal levels in both financial performance and customer satisfaction, TalentKeepers puts forward another vital link in the traditional service-profit chain: out-in-front leadership. Our studies show that leadership presence is key not only to earning credibility, but to sustaining overall success.

TalentKeepers’ studies show that leadership presence is a critical component of overall business success and have identified three vital components of out-in-front leadership.

- **Build Credibility By Being Visible to Employees**
- **Connect with Customers (Internal & External Contacts)**
- **Initiate Non-work Related Discussions with Team Members**
Build Credibility by Being Visible to Employees

Strategic leaders recognize that their place is “up-front” -- taking a cue from notable leaders such as Alexander the Great, William Wallace, and George Washington, all famous for “leading the way into battle” – astride their horse, chariot, or ice-encumbered flat bottom boat. This brave, exposure-to-the-elements leadership style no doubt inspired many a warrior into victory against all odds. History books tell us that over time, however, generals began commanding “from the back” where they could better strategize – and stay alive! Many roles of authority, particularly in government, have adapted this position. Corporate leaders who have taken up this trend are often referred to as “mission control leaders.” They see things from their desk and rely on second-hand sources to get their information.

Today’s successful leaders, on the other hand, remain on the front-line. They stay close to what is happening in the work environment. Their information comes from a broad range of sources including performance management, observations, scrutiny of work, but mostly talking to their employees. Front-and-center leaders deploy the vision and direction to the employees and involve them in initiatives most important to an organization because they know that if employees are engaged and satisfied with their jobs, it translates into improved customer service, which in turn delivers financial results.

Ardent leaders talk to employees who are in the trenches. In particular, they meet directly and frequently with sales team members. Another aspect of out-in-front leadership, as defined in the work done with a Fortune 50 company, is the willingness for leaders to engage sales team members in role playing customer scenarios to help them perform at higher levels. For most organizations, the sales force is the conduit to the eyes and ears of the customer and the source where leaders can gain insight into how to stay ahead of the revenue curve.

Leaders need to be visible -- highly visible. In fact, when leaders aren’t out in front, team members not only lose confidence but sometimes even become cynical.
Here’s a case in point. A large international bank with a traditional long-standing focus on structure had seen growth decline as measured by capital invested per relationship manager. During this difficult time, as the financial services industry tightened up and the competition for high net worth customers increased, the Managing Director of the bank began meeting with relationship managers. In open forums, he connected with hundreds of relationship managers around the world. He simply asked them what could be done to increase their time spent with potential customers. Here’s what he found: 70% of relationship managers’ time was being spent on non-customer related activities such as chasing down paperwork. He determined that the bank could dramatically increase productivity by decreasing the amount of time relationship managers were spending on administrative initiatives. Mission accomplished: going to the front-line to learn how to improve daily tasks resulted in a 10% increase in productivity globally.

Leaders need to be seen and heard because employees take their cue from the leaders. According to McKinsey Global, when a company is undergoing change, it is particularly important for leaders to be out and about. In a 2008 survey, most respondents said that the CEO, or business unit leader, was strongly visible and involved in transformative changes. And the companies in which leaders were more visible were much more successful in implementing the change and getting employee’s onboard.

**The Value of Visibility**

*How visible was the CEO’s or business unit leader’s involvement in the transformation?*

<table>
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<th>Success of transformation</th>
<th>Not successful at all, n = 144</th>
<th>Somewhat successful, n = 1,519</th>
<th>Very successful, n = 835</th>
<th>Extremely successful, n = 105</th>
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</thead>
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<td>6</td>
<td>3</td>
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<tr>
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<tr>
<td>Very visible</td>
<td>16</td>
<td>35</td>
<td>56</td>
<td>61</td>
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*Excludes respondents who answered “don’t know”; data are weighted by GDPs of constituent countries to adjust for differences in response rates.

TalentKeepers also learned from an employee engagement initiative with a Fortune 50 Company that out-in-front leadership is defined in large part by leaders who “set the tone.” If, for example, a leader has a particular view about something such as a change to the compensation plan and shares it openly, rest assured his staff will adopt the same view.

Further, in our research, we uncovered the top reasons people leave jobs and found that over 20% of organizations indicated that leader issues were the most frequent reason employees become disengaged or leave. Yet almost 40% of organizations say they don’t track engagement issues by individual front-line leaders. TalentKeepers’ experts would propose that these organizations have an opportunity to delve into how visible front-line leaders are to their team and how committed they are to motivating them, in order to determine if this is part of the employee engagement and turnover equation.

A recent global workforce study of 90,000 employees in 19 countries conducted by global professional services firm Towers Perrin revealed that it is the manager who is the greatest catalyst for exceptional performance.

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**Does your Organization Track Engagement & Turnover by Individual Front-Line Leader?**

- Yes: 36%
- No: 39%
- In Some Cases: 25%
TalentKeepers’ Leadership Strategies for Building Credibility by Being Visible to Employees

- Recognize where to be and when to be there.
- Be available, visible, and able to step in and assist in the operation, as needed.
- While “up-front,” model organizational behaviors.
- Take steps to transfer knowledge and skills to your team members.
- Model the culture you want to create.
- Know “your stuff.”
- Be present and interested.
- Participate in executive sponsorships.
- Avoid being too focused on the tasks at hand so you don’t miss coaching moments.
- Be a mentor.
- Leave your door open.
- Find ways to make yourself more accessible.

Every day, leaders are modeling responses, behaviors, and beliefs. If leaders demonstrate a commitment to customer service standards, those standards become important to everyone.
Connect with Customers (Internal & External)

Visible leaders walk the hallways, listen in on customer phone calls, meet with prospects, and accompany employees on customer visits. They make it a point to understand their business and seek to know, firsthand, what is happening. A sure way to find out what really needs attention is to talk to customers. Here’s an interesting dichotomy: notice where manager’s offices are today in most buildings – in “the back” – furthest from customers!

As much, or maybe more so than employees, customers need to feel confident that the leaders of the organization they regularly do business with care about them. If they believe that those who are in position to make decisions and to implement their suggestions are really listening, they are more loyal. McDonald’s recognized this a few years ago when they launched their very successful “Back to the Front Day” in which senior leaders spent a day at the counter serving customers. Walt Disney World cast members have a process called “X-U” (cross-utilization) in which management-level cast members fill a front-line position in a theme park – taking tickets, pouring soft drinks, bussing tables, or the like. These types of initiatives bring a leader closer to the operation they manage, giving them a peripheral vision, stronger appreciation of their team members, and a real connection to the customer.

When was the last time you left your office and visited some clients? Handled the phone or help desk? Spent time in the customer waiting area? If a leader takes the time to connect with customers, then it builds trust and loyalty. And if a leader is raised in the ranks, there will be techniques or tricks of the trade she can share with team members to raise confidence – and revenue.

One of the largest transportation companies in the world pulled itself from near bankruptcy by seeing a struggling time as one to listen more to their customers. Each senior manager in the company was assigned ten accounts to watch over. Part of their responsibility was to ask customers a simple question: “What are the two or three reasons that you use our services?” Then these leaders got together with account managers to discuss their findings. They discovered that some of their assumptions about buying criteria were wrong, made adjustments, and increased sales by 6%.

TalentKeepers’ Leadership Strategies for Connecting with Customers
• Do not stay in your office.
• Strike a personal chord with customers.
• Ask, don’t wait; solicit customer feedback on a regular basis.
• Shadow team members when they are interacting with customers.

• Listen more than you talk.
• Learn what customers yearn for.
• Walk a mile in their shoes.
• Be in the scrimmage to earn the right for your customers’ repeat business.
• Let customers see you use their ideas in how you run your business.
• Have a system for listening to responding to customer requests in the marketplace.
• Let your understanding of customers drive your business decisions.
Initiate Non-work Related Discussions with Your Team Members

The link between employee attitude and customer satisfaction can be seen both in quantitative studies and in everyday life. Think back to the last negative experience you had with a person who was servicing you. How did this make you feel? Likely, you were frustrated and found yourself making a mental note to not return to that place of business. At the very least, you probably will never refer them to your friends. On the flipside, recall your last positive customer experience – undoubtedly, you were treated well by a friendly, helpful employee.

When an employee is rude to or ignores a customer, perhaps she has had a bad day. But she might be unhappy with her hours, her pay/benefits, her career growth opportunities -- or her direct leader. The only way to know for sure what conditions are causing attitude problems is to ask the employees. One excellent way to do this is to administer an employee engagement survey. By using feedback processes, leaders and companies can address problem areas and move toward improving employee – and
customer – satisfaction. Another effective strategy is for leaders to informally interact with their team members, doing spontaneous pulse-checks, to merely find out how things are going.

In almost every customer service situation, how an employee interacts with the customer is a direct result of how the immediate leader interacts with that employee. For example, has the employee even been told what is expected of her? Has management let her know whether she is meeting those expectations? Rewarded her for exceeding expectations, or coached her on how to improve? More importantly, does she believe that her leader knows who she “really is” – and cares about her as a person?

Being a visible leader means walking around the office in the morning and having coffee with staff in the break room. And visible leaders need not only to be seen, but approachable. People need to feel comfortable coming to a leader when they are dealing with a very tough situation or admitting a mistake. Approachable leaders are interested in the lives of their team members and talk to them about things that are non-work related. They make it part of their daily routine to learn what matters to their individual team members.

Engagement-focused leaders also meet with their direct reports on a regular basis and exchange feedback on how things are going. TalentKeepers offers a solution called “Onboard Connection” that allows a leader to find out what employees value in a leader and share what he will do to meet the team member needs. For more information on this ground-breaking solution, please access www.TalentKeepers.com.
TalentKeepers’ Leadership Strategies for Initiating Non-Work Related Discussions with Team Members

- Make contact.
- Let employees know you as a person, not just a leader.
- Be friendly and positive when you meet someone for the first time.
- Look attentive, alert, and interested.
- Connect with your employees on a personal level; ask about their lives.
- Share information about yourself.
- Use warmth and appropriate humor.
- Make small talk. Listen for free information.
- Follow up on things that you learn that are important to them.
- Find common ground. Listen for opportunities to connect.
- Show the person you are interested through your words and body language.
- Set aside times for casual conversation.
- Create opportunities to get to know others on a deeper level; meet over lunch.
Conclusion

There is no question that top leaders are essential to employee satisfaction, and that satisfied employees are essential to customer satisfaction. If employees are happy and motivated, it translates into positive behaviors which lead to increased customer satisfaction. An underlying principle of this relationship is the presence and commitment of the leader – who must be out and about with the people who are supporting the business as employees or as customers.

Therefore, we can conclude that out-in-front leadership is positively associated with employee engagement, which is positively associated with customer satisfaction and overall business success.

We have helped thousands of leaders improve skills with their teams through Onboard Connection and Talent Developer & Coach, two blended-learning modules which are part of TalentKeepers’ award-winning leadership development series.
Talent Management Solutions

TalentKeepers® is celebrating 15 years of providing award-winning employee engagement and retention solutions to help companies around the globe increase their performance. We’re a recognized leader in innovative onboarding tools, employee engagement surveys that drive growth and accountability, HRCI and SHRM certified training for HR professionals, unique eLearning leadership programs, teambuilding tools and much more. Twice we have won HR Executive Magazine’s Product of the Year award. Re-energize your efforts and expect more from your engagement and retention partner. Contact us today at solutions@talentkeepers.com.

Leadership Training Programs
All of TalentKeepers training and development programs are built around critical competencies and designed to give leaders the skills they need to be increasingly effective in their careers. Leaders learn talents including Trust Builder, Flexibility Expert, Talent Developer & Coach and High Performance Builder in a total, blended learning approach including e-learning modules, reinforcement workshops and off-line practice activities.

Employee Engagement Solutions
Retaining and actively engaging high-performing employees builds strength in an organization’s culture and improves overall performance. TalentKeepers offers several tools proven to increase commitment and positively impact engagement and productivity.

Surveys/Assessments
TalentKeepers’ surveys and assessments can help you measure and report the impact of critical factors that contribute to engagement and the degree of influence those factors have on employees’ decisions to join, stay or leave your organization.

For details on our Talent Management Solutions or to get more information on TalentKeepers’ full range of products and services:

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