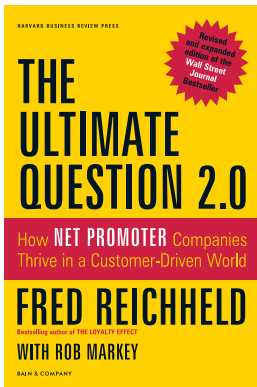# Loyalty Insights

Hiring Right: How Companies Build a Customer-Focused Front Line

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If you ever feel sorry for yourself after a bad experience with a company, just hop on Google and type in the company's name. Now add the phrase "horror stories." You'll almost certainly find a litany of experiences far worse than your own.

I tried this while on hold during an exceptionally unhelpful call with my cable company. All I had lost was time, but within seconds I was reading about a customer whose home had been destroyed by a tornado—and she was told by a customer service rep that she would have to file an insurance claim on behalf of the company for its lost cable box, or pay for it. Deeper into my search, I read about a store manager who declared a customer's printout of a gift certificate to be fake. When the customer called the store's customer service department in an attempt to prove the certificate's validity, the manager refused to speak with him.

Horror stories about customer service are entertaining. But many of us experience everyday annoyances, like the 20 minutes I spent on hold that day. More and more, in fact, the minor issues we encounter involve surly or unhelpful employees. A department store clerk tells you—and not without a fair bit of attitude—that she doesn't know whether the store carries that shirt in your size. And, she doesn't offer to check. A gas company phone representative refuses to believe that a bill payment from your bank was rejected by his company, implying that you have no idea what you're talking about.

What's going on here? Workers are not actually becoming less friendly or less helpful. But service jobs have been changing in ways that create a lot of stress for the people who hold them. The digital and mobile transformation, for instance, gives customers far more information, but often leaves employees trying to cope with complex or balky computer systems that are less useful than those available to consumers. The transformation has also led to the automation of most simple requests, leaving only the most difficult and emotionally fraught issues for human resolution. Call-center workers once could count on dozens of inquiries about bill balances and other routine concerns to get a little mental rest between complex issues, but now find themselves fatigued by an unrelenting barrage of complex and challenging customer complaints. And it can be hard to maintain composure and a friendly attitude in the face of it.

Connecting with customers in this sort of stressful environment requires employees with high levels of emotional intelligence and empathy. So it's tempting to focus first on hiring well. But even the most qualified employees struggle without the tools and support necessary to be successful. Do you provide employees with the right training and tools? Do they receive direct feedback from customers? Do they get great coaching from supervisors? Do they meet regularly to connect as a team and figure out how to improve? Is the company supporting them by changing the policies and procedures that make it more difficult for them to deliver a great experience for customers? Only when they are fully supported can your best employees deliver at world-class levels and consistently create promoters. Hiring empathetic, emotionally intelligent people and putting them into an unsupportive environment saps energy, enthusiasm and creativity. So make sure you've worked on creating the right sort of environment.

Hiring does, however, play a crucial role. Not every employee thrives under the freedom and responsibility that the Net Promoter System® brings with it. And even with the best environmental and cultural support possible, it's still really important to hire employees who have deep empathy for their customers.

Hire in haste, repent at leisure

Leaders of service companies often feel they have to staff up now. They're growing. Customer demand for sales and service help is outpacing supply. They have high frontline employee turnover. And they think, just get people in the door!

But it's almost always better to run understaffed for a little while than to rush and hire someone who doesn't bring the sort of human-connection skills that form the foundation of strong customer relationships. It is far worse for your customers to encounter a surly or unhelpful employee than to wait an extra minute or two for someone enthusiastic and capable. Moreover, employees with bad attitudes tend to infect the entire organization. It's rarely pleasant for other employees to work with someone who treats customers badly.

Of course, you can fire the person you rushed to hire. But then you're back on that turnover-hiring treadmill again. Hiring and training new employees not only hits your recruiting and training budget but imposes hidden costs, too. Your supervisors' time, for example, gets consumed with the hiring, training, coaching and firing of all these "bad fit" employees. Clearly, the better course of action is to take your time and wait until you've found the right applicants, rather than hiring fast to put "butts in seats."

In fact, in most situations, it's more important to screen applicants for interpersonal relationship skills and an orientation toward service than for technical skills. Sure, a technically skilled person may reach full productivity faster. But it's a lot easier to train an empathetic employee to work your computer system than it is to train an unempathetic, technically proficient employee to show genuine interest in other people. Not everyone knows how to read a customer's body language or facial expressions, and those skills prove difficult to teach. In the common shorthand, you want people with high emotional quotient (EQ), not just high intelligence quotient (IQ).

How do you find these people? Start by identifying the best performers within your organization—those with both the technical ability to get the job done and the customer service and relationship skills that consistently create promoters of your customers. Top performers on both productivity and Net Promoter Score® typically form a rich pool of model employees.

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Which companies and industries did these stars come from? What background or experiences do they seem to have in common? Which skills did they possess at the time they were hired? Which skills were acquired from your company? Compare these high performers with employees with poor Net Promoter Scores. What makes the top performers different? You should be able to piece together the background, skills and characteristics that differentiate stars from duds. These demographics will provide a foundation for résumé screening and candidate scoring systems: If people from certain industries or backgrounds do better than others, for instance, you know what to look for first. Then you can ask what other indicators of success might be important. For example, what is the threshold of soft skills—interaction, relationship building, empathy and so on—that you can test for in interviews?

Coach hiring managers

Left to their own devices, frontline managers almost always favor technical skills. There is good reason for this bias: The burden of training for those skills falls on these managers. Likewise, technical skills—or the lack of them—directly af-

fect the productivity and payroll metrics by which your management accounting systems generally measure managers' success, such as error rates, repair times, call handling times and transaction speeds. Therefore, it's crucial to arm frontline managers with clear guidance on the characteristics of successful hires, and to train them on how to spot those.

One expression of this sort of natural bias is the tendency of hiring managers to make the common mistake of always hiring people from their own industries. Retail managers naturally look for people with retail experience, and call-center managers seek people with call-center experience. But the truth is, there are probably more former retail or call-center employees who lack customer relationship skills than there are people with good human-relationship skills who lack retail or call-center experience.

That's exactly what American Express found when it revamped its call centers to be more customer centric. When the company studied which individuals were most successful in the new environment, it found that success had surprisingly little to do with "hard" call-center skills; rather, it depended almost entirely on an employee's personality and soft skills, such as the ability to listen. To find people who would thrive in the new environment, American Express explicitly sought new hires with experience in industries like hospitality rather than call centers.

Build the family

All of this represents a deliberate attempt to put more emphasis on relationship skills and independent thinking at the front line. Moving an organization away from an emphasis on hiring fast and hiring for technical skills, however, can sometimes prove difficult and disruptive. Criteria for hiring, recognition, rewards and promotion change, resulting in some winners and some losers among longtime employees.

In this sort of transition, interestingly, the same high attrition that could create a doom loop of attrition and

bad hires could be turned to positive effect. With typical turnover rates in many frontline organizations approaching 15% to 20%, the vast majority of a firm's employee base can be fully upgraded in just three to five years. Often, it takes even less time than that, since it's usually only a fraction of the employee base that needs to be replaced.

The Net Promoter System can often help accelerate the pace of change and cultural transformation. The system's peer-to-peer learning and huddles foster regular communication and best-practice sharing. As the scale tips toward enthusiastic, energetic employees who care about solving customers' problems, fewer and fewer employees will be inclined to tolerate bad attitude from team members. The system actually reduces people's tolerance for underperformers while increasing their awareness of what makes a really high performer. Soon you'll be able to hire better people, because the people you already have are themselves very good. And you'll be able to keep those good people because they are surrounded by peers they respect and like, and from whom they are learning.

Regular customer and team huddles accelerate the transformation of your workforce in other ways, too. The feedback that flows from customers and employees into the outer loop—requests for customer-friendly policy changes or IT system improvements that employees can't make themselves—should also reduce the technical skills required at the front line. That can help alleviate managers' concerns about emphasizing personality over technical abilities. And it ensures that those hires can focus on the reason they were hired: delighting customers.

Lead the transition

If your company has embarked on this kind of transformation, you are likely to encounter a few bumps along the road. Frontline supervisors and the leaders of frontline support functions (workforce management, for example) typically reached their current positions because of their compe-

tence running the old-style system. They have learned how to manage and succeed in the old paradigm. Changing the basis of evaluation, by placing more emphasis on creating promoters and on hiring empathetic employees, can be both disorienting and unsettling. Executives leading the transition must coach these managers on how to lead by letting go, and they will have to replace those who simply can't adjust.

Facilitating this change in emphasis, of course, will require adjusting metrics and dashboards. The old ones—average handling time for a call, number of transactions processed, payroll per retail transaction and so on—can distract your team from what really drives performance. Typically, you will need to simplify so you can focus people on the few metrics that matter for both operational efficiency and customer experience. Making this more difficult, the easiest things to measure aren't always the most important. It's critical to find the three to five indicators of success for each role that most align with profitable customer advocacy, rather than just tactical execution. Measure what matters, even if you have to create the metrics yourself.

So leading the transition is a challenge. But really, is there an alternative? Service work is changing, and customers won't tolerate for long the kind of unresponsive, unenthusiastic and unempathetic employees that so many encounter today. Your choice, truly, is to either get out ahead of this transition and lead your competitive set—or be left in the dust. ◔

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