

A large, ornate harp with intricate carvings and a colorful patterned top, set against a blue and yellow background. The harp is the central focus, with its frame and strings clearly visible. The background is a gradient of blue and yellow, with a soft glow around the harp.

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**—Chris Cottle, *Allegiance***

# And the survey says...

# EFM

by  
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# and the Web 2.0 Generation

What email is to business communication, Enterprise Feedback Management (EFM) has become to customer and employee surveys. In 2004 Esteban Kolsky, senior research director at Gartner, coined the term EFM to define the processes and solutions that enable centralized deployment, management, and utilization of all feedback operations throughout an organization. Under the EFM umbrella are two types: Tactical, which includes traditional EFM solutions, such as survey companies; and Enterprise EFM, Software-as-a-Service(SaaS)-based solutions, which gather information and then consolidate it through one system utilizing reports and analytics.

Enterprise EFM is often referred to as Web 2.0 EFM. Chris Cottle, vice

president of corporate marketing for Allegiance, defines Web 2.0 as companies using the Internet in new ways. “There are several ways that EFM, and specifically the Allegiance Engage platform for EFM, fits with Web 2.0 by that definition. However, rather than creating a dialogue between customers, as many Web 2.0 sites do, EFM focuses on creating communications channels between the company and its customers and/or employees.”

Zachary McGeary, associate analyst for JupiterResearch, believes that EFM solutions are not well enough defined to be classified as “Web 2.0”. He suggests that a compromise can be found by looking at the way companies leverage EFM technology internally—making it a closer fit to the Web 2.0 model. “This is due to the fact that the

business operation is executed on a single platform with which distributed users throughout the enterprise may use independently, but not exclusively, from other users or departments.”

Kolsky agrees that EFM is not truly Web 2.0, “Except for the fact that EFM enables interactive conversations between clients and organizations and leverages communities and direct communications.” Kolsky goes on to point out that EFM is much more than simply taking surveys. He explains that the power of EFM comes from monitoring and analyzing feedback from a myriad of sources, including social networks, communities, blogs and other unstructured sources. “That is when it becomes particularly useful. I guess

JupiterResearch predicts that the value of customers’ feedback from surveys will diminish over time, mostly due to the excess surveying and a self-selecting surveying audience. “The problem is similar to that of email marketing,” McGeary says, “Customers have trouble finding the time and willingness to provide feedback broadly.”

#### Can You Hear Me Now?

Although the collection of structured data, such as that gleaned through the use of EFM, can help improve external and internal interaction with customers and employees, JupiterResearch found that a significant amount of attitudinal data and insight falls outside that scope. Their studies show that overall customer satisfaction plays

predicts will pose a challenge for today’s organizations. “We find that few organizations are prepared to gather this information with appropriate resources or technology.” In the 2007 report, *Beyond the Survey, Managing Customers’ Unsolicited Feedback*, JupiterResearch found that 53 percent of service seekers provided unsolicited feedback about a purchase or interaction during the past year. Although 61 percent of companies have processes in place for managing customers’ unsolicited feedback, just 12 percent have deployed appropriate technology.

Cottle, however, sees measurable value in collecting structured data. “EFM gives customers and employees a voice and a chance to be heard,” he says. “Rather than

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from that aspect EFM can be called Web 2.0-ish, but I hate that label, as there is nothing to it that was not there before, way before.”

While both types of EFM (traditional and Web 2.0) support advanced survey design with Customer Relationship Management (CRM) integration and advanced reporting, traditional solutions are giving way to the newer EFM solutions. The 2005 Gartner report, *Make the Transition from Surveys to Enterprise Feedback Management*, predicted the use of EFM system deployments would grow 40 percent by 2008. Gartner further predicts that by 2010 independent survey vendors will cease to exist, having migrated to EFM platforms.

only a supporting role in which type of contact (phone, email, Website) customers utilize to provide feedback. Further, customers value efficient and effective service above communication methods.

McGeary says that while the customer-facing side of EFM is universal, customers are, in many cases, choosing their own method of contacting a company, generally based on timing, convenience and willingness to provide feedback. They are not so concerned with how the back-end works, so long as their inquiry/concern is addressed, either through direct response or site/business process adjustment.

Unsolicited customer feedback is an emerging area that McGeary

sending an email to an anonymous *info@company.com* and feeling like it goes into a black hole, they can now receive specific response to their feedback. When employees or customers see that their suggestions are being considered or their complaints are being resolved, they feel empowered. Companies use Allegiance both to uncover problems and make changes that improve customer and employee engagement. Using EFM analysis solutions, they can also measure the impact of engagement on business outcomes such as profits and revenues.”

Data from the 2007 report, *Customer Experience Management: Leveraging Feedback to Understand and Affect Customer Experience*,

JupiterResearch notes that a concrete link between revenue and satisfaction is difficult to attain and points out that although 82 percent of executives report a positive return from their online surveying initiatives, concretely linking customers' satisfaction to revenue gains can be difficult. Factors contributing to consumers' purchasing decisions range from marketing and promotional offers to abundance of choice.

### Maximizing the Value of Data

"As with any type of technology, implementation alone does not signal success," says McGeary, "When it comes to feedback, companies are too focused on measuring customer satisfaction at the expense of capturing feedback that's more tactical in nature." He quotes recent research that found 80 percent of executives conduct online surveys to measure customers' satisfaction, but less than one-half of executives collect tactical experience data, such as product research and Website feedback. "The overwhelming popularity of customer satisfaction surveys is indicative of an unsophisticated market in which top-level analysis is ubiquitous."

Kolsky feels that JupiterResearch has it partly right. "EFM is an essential part of Customer Experience Management (CEM). By itself it is not a silver bullet per se, but it is the casing on the bullet. You won't become better by collecting and analyzing feedback, which is what the technology behind EFM does. However, it will give you a stepping-stone to finally—after millions of dollars and countless time spent implementing CRM in vain—understand your clients. What they want and need and more importantly, how they truly believe you are doing in respect to them. If EFM were no good, there would not be implementations in organizations where churn was reduced by 20-30 percent (routinely), and satisfaction was improved by similar margins. Bottom line, this is where the rubber meets the road for the promises made by CRM."

Cottle believes that most organizations are doing a few things right, but have no enterprise view, and therefore cannot really use the data they collect for growth. "Our clients are equipped with the solutions and technology to gather data passively and actively from all possible fronts. Not only do we want our clients to open up all the channels of communications with their customers and employees, but we want to give them the tools to interpret the information and improve their relationships."

He offers the example of a CEO considering adoption of Allegiance services. He asked his executive team if they had any customer feedback coming in to the organization and after a search, they uncovered an inbox containing 140,000 emails that no one had ever looked at. "Companies need to collect it, but then they need to do something with it. The real opportunity is that feedback in any form is a huge gift—yes, a gift—because it gives great insights about how to improve and what is being done right. If there is a complaint, and the company acts quickly to solve it, they can actually grow loyalty. Those people who have had a complaint resolved quickly become your most loyal advocates—even if they had a bad problem."

The CEO of Zions Bank, an Allegiance customer, uses the EFM system religiously, reading 15 emails every night before bed—emails coming from the Allegiance system that have been escalated directly to him. "He responds to all of them," says Cottle. "Very impressive! That's why they are growing so fast, because they really do put the customer first."

According to JupiterResearch, software investments in online surveying technology alone will not ensure companies can implement organizational changes needed to take competitive advantage of strengthened relationships with customers. Most business initiatives that fail lack clear vision, strategy, and internal collaboration. In order to implement a

coordinated feedback management vision, JupiterResearch believes that companies must adopt an organizational structure that focuses on collaboration. Such collaboration requires several components: active support from the head of the organization, leadership from various functional units, a company-wide view of customers, and a common measure of customers' profitability. Experience Management initiatives must comprise not only feedback, but also customers' observed behavior online and offline. As such, JupiterResearch recommends taking a holistic approach to improving the understanding of their customers. Lacking interdependent feedback management, companies will inevitably replicate processes and efforts across business units, slowing reaction time and creating redundancies.

"EFM is growing every year," states Cottle. "Companies who need a competitive edge, who are tired of battling only in the traditional space of price and product quality, can now grow faster by tapping this new area of enterprise feedback and customer experience. Most customers who leave a business and move on do so because of poor service, which often means they don't feel like they were listened to and respected. We can change that. Being great at building loyalty is not a secret. It's science, combined with the right solutions and best practices." **MB/TMP**

#### FOR YOUR REFERENCE »

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