



## Assessment Perspectives

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# Client Engagement Is the Goal, Feedback Is the Catalyst

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Everyone knows an engaged workforce is critical to a company's development.

But what's perhaps less well known is that customer engagement is equally as important, according to Greg Heaps, vice president of professional services at Allegiance, an enterprise feedback management company.

"There are studies that show that organizations can be more profitable by retaining customers than [by] defecting," Heaps said. "Engaging your customer becomes extremely critical to the growth of your organization."

But how do you know whether your customer is engaged? Kyle LaMalfa, manager of best practices at Allegiance, described the effect.

"A satisfied customer — he's met his expectations in consuming the product. The loyal customer's one whose expectations have been exceeded in such a way that he is willing to return to your brand before shopping around. And if you have engaged your customer, not only have you brought on his loyalty, but you also bring on a willingness to see your company succeed, to be emotionally involved in the outcome, and also to tell a friend and to see a friend act on his recommendation," he said.

Heaps said, "It's an action-oriented level of involvement from customer to provider."

And the effects of client engagement can be astounding. According to a 1990 Harvard Business Review article titled "Zero Defections: Quality Comes to Services," authors Frederick F. Reichheld and W. Earl Sasser Jr. found that "companies can boost profits by almost 100 percent by retaining just 5 percent more of their customers."

Reichheld and Sasser compared two companies side by side for their study. Both organizations were acquiring new customers at 10 percent annually, while one was retaining 90 percent of its customers and the other was retaining 95 percent. After a 10-year period, the former organization had flatlined, while the latter had almost doubled in size.

"The ultimate value proposition that we share with our customers is not only are we going to help you engage your customers, but by doing so, you're going to experience growth and positive experience," Heaps said.

That said, the best way to assess engagement — both internal and external — is to garner feedback. But many companies either don't pay enough attention to feedback processes or don't know how to translate feedback into action, Heaps said. Statistics on the Allegiance Web site indicate that 96 percent of customers leave without telling companies why, while 80 percent say they are very satisfied just before they leave.

"I think organizations don't necessarily have tools in place to allow customers to provide feedback," Heaps said. "So, although customers might be looking, it might be too difficult, and they don't find anything quickly as far as a vehicle to provide that feedback, and so they're out the door."

Additionally, client engagement doesn't exist in a vacuum: The level of emotional involvement in a company's employees has a profound effect on that of its clients.

"One thing we know is that without engaged employees, your customers are never going to feel the love," LaMalfa said.

"Ultimately it impacts your profitability and your bottom line," Heaps said.

To increase feedback both internally and externally, LaMalfa said companies should first tailor their corporate culture around it.

"We really, from a best-practices perspective, encourage companies to build a culture of feedback — to be receptive to feedback, to recognize a complaint is really a gift," he said. "A complaint is an opportunity to turn perhaps a dissatisfied customer into one that's even more satisfied than they would have been because of the attention to detail."

The trick, Heaps said, is to remember that customers who have experienced a problem but are attended to in a timely and satisfactory way ultimately end up being more loyal than customers who have never had a problem at all.

"For the most part, it's about gathering feedback and analyzing that feedback and then acting on it," Heaps said.


LaMalfa said company presidents can write a feedback-encouraging letter to include in internal as well as marketing materials — which people often respond to better than they do incentives —and wrap their whole programs in communication campaigns.

"You start with, 'Hey, we're going to survey you, and your results are important,'" he said. "Then you communicate: 'This is what you said, and here's our action plan for fixing the problems.' And then, finally, you come back later and you say, 'We said we were going to fix these problems and we did, and you were a big part of that.'"

It's also important for companies to understand and make use of the two kinds of feedback available: survey style, which relies on a random sampling and uses data analysis to provide statistics; and open-ended, which allows for comments by individuals and usually provides insight into a company's happiest and angriest customers.

While survey feedback can help you track and trend the effectiveness of certain events or programs, open-ended feedback can help you retain that extra 5 percent of customers who might help foster growth.

"Our customers, and even our employees, are traveling in circles and corners of the organization that management just doesn't get to," Heaps said. "And the only way we're going to learn of those issues — whether they're positive things we need to keep or negative things we need to fix or improve on — is to open a dialogue up with our employees and our customers."

Ultimately, recognizing the importance of both customer and employee engagement and translating that need into effective feedback can maximize growth potential for your company. 

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