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Does EX define CX?

A successful business needs to satisfy employees
as well as customers

White paper

Contents

Does EX define CX?

A successful business needs to satisfy employees as well as customers

It's not just customers that are more demanding these days; so are your employees.

They know very well how difficult it could be for you to hire a replacement, and they are aware of what opportunities are out for them. Naturally, they will use that power to demand what's best for them.

It all comes down to choice. Both customers and employees have more options to choose from than ever before. Which is why just meeting their needs doesn't really cut it any more. To retain them, you have to delight them. You have to offer something extra, that the competition does not.

In this whitepaper, we'll explore the connection between EX and CX, why an experience–led business strategy works, and discuss how companies can leverage EX to improve CX.

1. Understanding the employee experience (EX)

2. The impact of EX on CX – understanding the correlation between EX and CX

3. Building a customer–centric culture through EX

4. Measuring and improving EX and CX

The link between customer and employee satisfaction

Delivering a positive customer experience (CX) is more important than ever, particularly in highly competitive markets where it can be hard to differentiate products and services.

With the rise of digital technologies and social media, customers have more choice and more power than ever before. They expect not only high-quality products and services, but also personalised, seamless, and convenient experiences, that are tailored to them specifically. As a result, brands that can deliver exceptional CX are more likely to attract and retain customers, gain a competitive edge, and increase revenue in the long term.

Several recent studies have confirmed that there is a relationship between customers' satisfaction with the service a company provides them – as expressed through indicators such as CSAT and NPS – and the happiness levels reported by the employees that deliver that service.

To take one example, Glassdoor did its own study and found "There is a strong statistical link between employee well-being reported on Glassdoor and customer satisfaction among a large sample of some of the largest companies today. A happier workforce is clearly associated with companies' ability to deliver better customer satisfaction — particularly in industries with the closest contact between workers and customers, including retail, tourism, restaurants, healthcare, and financial services."

"Employee experience is crucial in its own right…

Any successful business needs employees who are focussed on getting their job done to the best of their ability, and who care about the outcome of their efforts. All measures of productivity and output – including customer satisfaction – increase with happier employees.

A study by Gallup found that companies with highly engaged employees experience a 41% reduction in absenteeism and a 17% increase in productivity .

The experience of employees plays a crucial role in defining the way customers view and interact with your brand. A company with a positive EX is more likely to have engaged and motivated employees, who in turn are more likely to deliver excellent service and create positive interactions with customers. In this whitepaper, we'll explore the connection between EX and CX, why an experience–led business strategy works, and discuss how companies can leverage EX to improve CX.

Companies with highly engaged employees experienced

41%

reduction in absenteeism

17%

increase in productivity

Understanding the employee experience (EX)

The employee experience (EX) is a critical component of any organisation's strategy and success.

It refers to the sum of all the interactions an employee has with colleagues and managers, and the perceptions employees have of the company they work for. That includes the culture, values, policies, practices, and systems that shape their work environment.

Having a positive EX can lead to greater employee engagement, motivation, and retention, which in turn can drive better customer outcomes, something all brands want more of. One of the key elements of EX is culture. Culture refers to the shared values, beliefs, behaviours, and customs that shape an organisation and its people. A positive culture can foster a sense of belonging, purpose, and shared values among employees, which can increase both engagement and motivation within your teams. In contrast, a negative culture can lead to low employee morale, disengagement, and high turnover.

The employee experience also includes the policies and practices that shape an employee's day-to-day work. These cover everything from the physical environment and tools they use, to the way they are managed and developed. A positive employee experience is one where employees feel valued and empowered, have autonomy, and have access to the resources and support they need to succeed. According to McKinsey, a toxic work culture is a greater indicator of attrition than low pay.

Another important aspect of the employee experience is the perception of fairness. Employees who feel that they are being treated equitably are more likely to be engaged and motivated than those who feel that they are being treated unfairly. This perception of fairness and equity can be influenced by factors such as pay, benefits, opportunities for advancement, and the distribution of rewards and recognition. Understanding and improving EX is crucial for any brand that wants to drive better customer outcomes.

> According to a study by Deloitte, companies with the most compelling workforce experiences generated 22% higher engagement among their workers than those companies with less compelling workforce experiences.

Those with the best EX can also expect 12% greater customer satisfaction, with a three-year revenue growth rate 2.3 times better than average.

The impact of EX on CX

EX and CX are closely related and interconnected.

A positive employee experience can have a direct impact on the customer experience (although some studies suggest the relationship between the two is not reciprocal).

When comparing EX vs CX, it becomes clear that both share the same outcome – happy and satisfied people. Quite simply, if your workforce is feeling happy and satisfied in their roles, they will be able to provide first-class experiences for customers.

One of the key ways that EX impacts CX is through employee engagement. Engaged employees are more likely to be motivated and committed to delivering a positive customer experience. They are also more likely to be proactive in identifying and addressing customer needs, and to go above and beyond to ensure that customers are satisfied.

In the US, employee disengagement costs the US economy $450–550 billion every year due to a lack of motivation and a lower sense of responsibility. Another way that EX impacts CX is through employee empowerment. Empowered employees are more likely to take ownership of the customer experience, and to make decisions that are in the best interests of the customer. They are also more likely to be creative and innovative in finding ways to improve the customer experience.

The physical work environment can also have an impact on EX and CX. A positive physical environment can create a sense of well-being, and can contribute to a positive employee experience. On the other hand, a negative physical environment can create stress and negatively impact EX. Whilst not appropriate for every work environment, one study even found that those with a pet-friendly workplace experienced 42% improved productivity, showing how small changes can have a huge impact.

42%
increased productivity with a pet-friendly workspace

Even the temperature of your working environment will affect productivity, with 53% of employees saying they are less productive in an office that is too cold . Having a positive physical work environment can create a positive impression on customers too as it will reflect in how your employees speak and interact with them, helping contribute to CX overall.
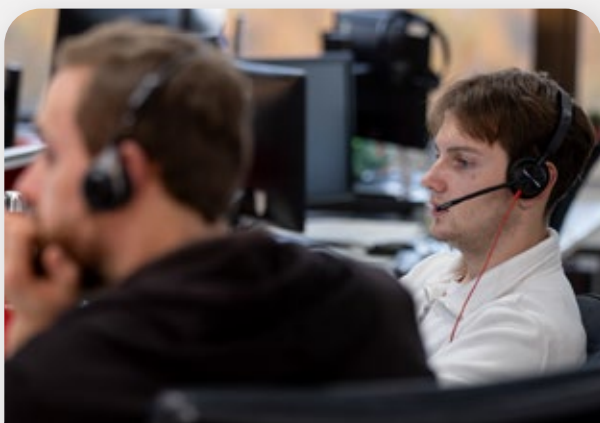
53%

of employees say they're less productive in an office thats too cold

In environments such as retail stores or branches, where customers and employees interact in the same physical space, it becomes immediately obvious to customers how an organisation treats its employees. If the facilities are evidently sub-standard it doesn't reflect well on the employer. When it comes to the contact centre environment, customers can infer how well employees are looked after from the quality (or, sometimes, just the availability) of the tools their advisor has to hand, and from how

smoothly the interaction goes. Knowledgeable, polite agents who are able to access information quickly and get things done easily are all signs of an organisation that invests in its people.

Which is one reason why employee training and development are important. When employees are well-trained and developed, they are more likely to be able to deliver great CX. According to the Association for Talent Development (ATD), companies with comprehensive training programs have 218% higher income per employee and a 24% higher profit margin than those who spend less on training. T&D can also assist employees with identifying and addressing customer needs, and finding creative and innovative solutions to customer problems.

This helps employees to go above and beyond expectations and help turn their customers into advocates.

A positive employee experience can have a direct impact on the customer experience by increasing employee engagement and empowerment, creating a positive physical work environment, and providing training and development opportunities. By understanding and addressing the needs of their employees, brands with an experience-centric approach can improve the overall employee and customer experience,

Companies with highly engaged employees experience 2.5x higher revenue growth compared to companies with low employee engagement.

Building a customer-centric culture through EX

Creating a customer-centric culture is crucial for companies looking to improve their CX. By focusing on EX, companies can foster a culture that prioritises customer needs and drives customer satisfaction.

One way to build a customer-centric culture is through employee empowerment. Allowing employees to make decisions and take ownership of CX can lead to more personalised, effective interactions with customers. This also increases employee engagement and motivation, resulting in higher levels of customer satisfaction. If your workforce is engaged, they will be more committed to their roles overall.

Another way to build a customer-centric culture is through effective communication and collaboration between teams. By fostering a culture of open communication and teamwork, companies can ensure that customer needs are being addressed at all levels of the company.

A study by the Temkin Group found that CX leaders have

30%

more engaged employees, with

79%

of their workforce feeling highly or moderately engaged

Brands should regularly gather customer feedback and use it to inform their EX initiatives. By incorporating customer feedback into their EX programs, brands can ensure that their efforts are aligned with the needs and expectations of their customers. Companies that actively gather and use customer feedback have a higher level of customer satisfaction too, with an example being Apple who use NPS surveys to generate over $25 million in additional revenue, leveraging this highly important feedback to improve processes and boost sales.

Providing opportunities for employee development and growth can improve EX and in turn, CX. A whopping 94% of employees would stay at a company for longer if the business was investing in their career development, and loyal, well-trained employees will be much more capable of delivering great CX.

Moreover, companies can also focus on creating an inclusive and diverse work environment, as studies have shown that diverse teams lead to better customer service and increased customer satisfaction. A study by McKinsey found that companies in the top quartile for gender diversity of their executive team are 25% more likely to have above-average profitability than those in the bottom quartile.

Building a customer-centric culture through EX is crucial for companies looking to improve their CX. By focusing on employee empowerment, effective communication and collaboration, customer feedback, employee development, and diversity, companies can create a culture that prioritises customer needs and drives customer satisfaction.
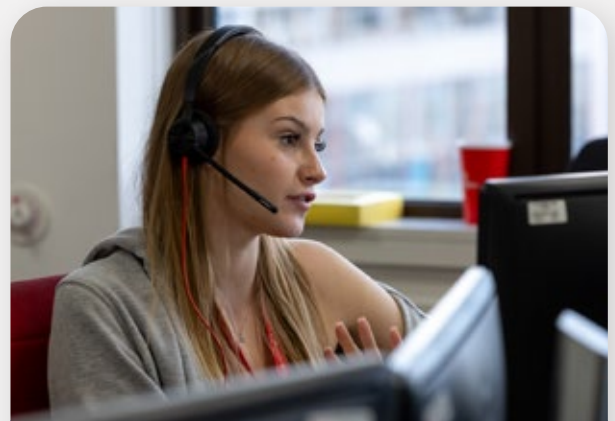
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Measuring and improving EX & CX

Measuring and improving EX and CX is essential for global brands looking to stay competitive in today's market.

By regularly assessing and improving both EX and CX, companies can identify areas that need attention and make necessary changes to drive customer satisfaction and loyalty.

One way to measure EX and CX is through surveys. Surveys can provide valuable insight into employee and customer perceptions, attitudes, and satisfaction levels. Companies can use this information to identify areas that need improvement and track progress over time. For example, the Gallup Q12 survey is a widely used employee engagement survey that measures 12 key drivers of employee engagement and can be used to identify areas of improvement in EX. Similarly, the Net Promoter Score (NPS) is a widely used customer satisfaction survey that measures customer loyalty and can be used to identify areas of improvement in CX.

Another way to measure EX and CX is through data analytics. By analysing data from customer interactions, companies can identify patterns and trends that can reveal areas that need improvement. For example, a company can analyse customer service call data to identify common customer complaints and use this information to improve their customer service. Similarly, a company can analyse employee
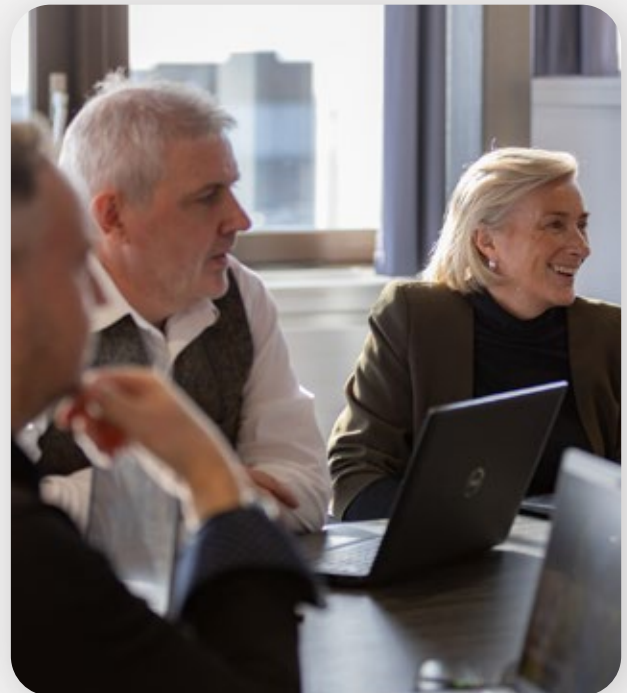
turnover data to identify common reasons for attrition and use this information to improve EX too. Once companies have identified areas that need improvement, they can take steps to improve EX and CX. For example, if survey data reveals that employees feel undervalued, a company can take steps to improve recognition and rewards programs. If customer data reveals that customers are unhappy with the speed of service, a company can take steps to improve processes and reduce wait times.

Measuring and improving EX and CX is an ongoing process that requires regular assessment, analysis, and action. By using surveys and data analytics, companies can identify areas that need improvement and put in place required programmes. This can lead to improved employee engagement, customer satisfaction, and ultimately, business success.

Provide an experience-centric approach that combines EX and CX

In today's competitive markets, companies need to engage and satisfy both their customers and their employees.

The correlation between EX and CX is clear: engaged and satisfied employees lead to satisfied and loyal customers.

As demonstrated in this whitepaper, companies that prioritise EX have a direct impact on CX for the better.

A positive EX leads to engaged employees who are more likely to provide exceptional service and create positive interactions with customers. Furthermore, companies that build a customer–centric culture through EX can improve customer satisfaction, loyalty, and ultimately drive business success.

Measuring and improving EX and CX is an ongoing process that requires regular assessment, analysis, and action. By using surveys and data analytics, companies can identify areas that need improvement and take steps to improve the EX and CX.

In conclusion, the employee experience plays a crucial role in defining the customer experience for global brands looking to improve their CX. Prioritising EX and building a customer–centric culture through EX can lead to improved employee engagement, customer satisfaction, and ultimately, business success.

> " A positive EX leads to engaged employees who are more likely to provide exceptional service and create positive interactions with customers.

Actionable steps for improving EX and CX

1

Prioritise employee engagement

Employee engagement is a key factor in both EX and CX, and companies should make it a priority to engage their employees in the process of improving both. This can be done through regular communication, employee surveys, and involving employees in CX initiatives.

2

Align EX and CX strategies

Companies should ensure that their EX and CX strategies are aligned, and that there is a clear connection between the two. This can be done by involving employees in the CX process, and by regularly measuring and analysing both EX and CX.

3

Invest in employee training and development

Companies should invest in training and development programs for their employees to help them better understand and deliver on the company's CX goals. This can include training on customer service, communication, and problem-solving skills.

4

Encourage a customer-centric mindset

Companies should encourage a customer-centric mindset among their employees by rewarding and recognising employees for delivering exceptional CX. This can be done through incentives, bonuses, and employee recognition programs.

5

Regularly measure and analyze EX and CX

Companies should regularly measure and analyse both EX and CX to identify areas for improvement and to track progress over time. This can be done through surveys, focus groups, and other data-gathering methods.

How Ventrica can enhance CX

As a leading customer experience specialist, at Ventrica we understand the importance of EX in defining CX for global brands.

Our team of experts can help global brands improve their CX in a number of ways, including software development, CX consulting, implementation of conversational commerce, and much more.

Ventrica's holistic approach to CX management combines technology, processes, and people to deliver measurable results for global brands. With our expertise, global brands can confidently achieve their CX goals and drive business success forward.
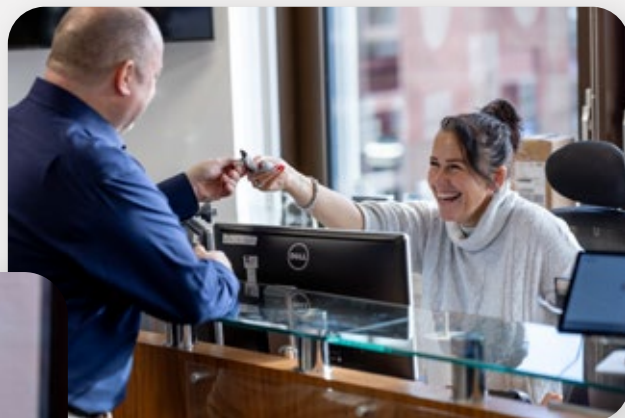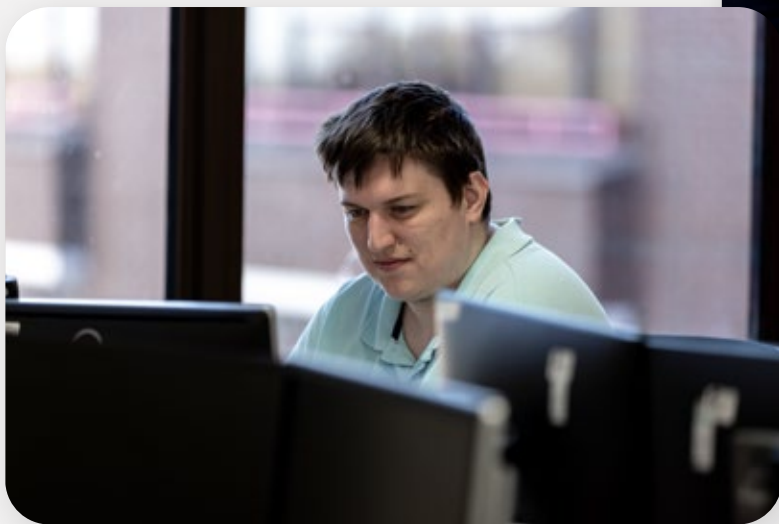
Contact us today to discuss your unique pain points and how we can help you.

To find out more, please visit ventrica.co.uk