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Are You Ready for Enterprise Feedback Management?

(Version 2)

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Are You Ready for EFM?

Enterprise Feedback Management (EFM) – Defined

Mindshare uses the industry term enterprise feedback management (EFM)¹ to describe the process of systematically collecting, analyzing, consolidating, and then **using** all sources of feedback to improve your business and your overall profitability. EFM includes not only aggregating feedback from multiple stakeholders, across multiple channels, but also disseminating **real-time, actionable information** across the company to where it is most relevant, and then enforcing accountability for follow-up and service lapse recovery.

More than Just a “Software Solution”

EFM is not just a piece of software – it is a way of doing business. EFM goes hand in hand with a customer-centric culture. However, the implementation of a true customer-centric culture requires a demonstrated commitment of **leadership**, **resources**, and **processes**. The following elements are the main tactical levers that you should use to ensure that an EFM implementation is successful:

- Senior management commitment and involvement
- Compensation and reward structures
- Recognition and appreciation
- Employee engagement
- Alignment and communication
- A structured process for using and acting on customer feedback
- Coaching and training

How EFM Fits With Existing Business Processes and Systems

EFM is often used in conjunction with, or as a part of, a company's **balanced scorecard** and its customer relationship management (**CRM**) system. EFM systems are also used to help organizations deliver better internal service, tying into **help desk** processes and other **HR systems**.

The main difference between CRM systems and EFM can be over-simplified by suggesting that CRM systems generally know everything about your customers, **except** how they felt about their **actual experience**. CRM systems document and analyze things like buying behaviors, likes and dislikes, contact details, demographic information, and so forth. EFM systems provide information, from the customers' own mind, about **feelings and perceptions of actual service experiences**. Information gleaned from a robust EFM system can therefore provide valuable input into a company's CRM system by appending information about **attitudes** to information about **behaviors** and **transactions** already stored in a typical CRM system. If CRM tells you the “who, what, where, and when,” EFM tells you the “how and why.”

Similarly, EFM can be used in many HR areas, including compensation and performance reviews, input into a balanced scorecard, training needs and competency evaluations, and hiring evaluations for recruitment purposes.

An Analogy – Money Flow

Consider all of the ways that money can flow in and out of your company. Money flows in from cash, credit card processing, and bank check clearing. Some money flows in at point of sale, some through direct transfer, perhaps even some through snail mail. Some money trades hands at the lowest service level and the lowest transaction level, while other cash movement is consolidated at the corporate level. Accounts payable and payroll transactions bring yet another level of complexity to the movement of money. All flows of money in your business are consolidated into a central accounting system, ensuring completeness and usability.

What if most of these money transactions did not flow through a single accounting system, were not followed up on, and were never reconciled? Imagine the chaos.

The Similar Problem with Feedback

Simply replace the word “money” in the above scenario with the word “feedback,” and you have a pretty good picture of what most service companies in the world are currently facing. Customer, vendor, employee, and even performance feedback are being collected, but the data often gets mired in different silos within the company, its contribution to the “big picture” impaired. For example, many companies collect customer feedback using point-of-sale surveys or comment cards, others perform internal quality checks, or use third-party mystery shoppers to measure performance – yet these different types of feedback are never consolidated and presented back to the unit manager for follow-up and customer recovery.

But this is only the tip of the iceberg. What about customers who have a problem, but have not been proactively offered a survey? Think of the many ways such a customer could give you feedback today. For example, they could (1) Google your website and fill in a form you’ve created there, or (2) send you an email, or (3) call your toll-free number, or (4) write you a letter. Or, they could resort to complaining about you on the internet (social media, blog, etc.). In your organization can feedback collected from any of these methods currently be integrated with each other? Are you set up to capture feedback in ways that are most convenient for your customers, or most convenient for you? Is feedback immediately delivered to the appropriate employee in a simple, consolidated fashion? Or does it trickle in sporadically, through multiple channels, over a number of weeks? This scenario is compounded even further when other types of feedback are included, like that from employees, vendors, and partners.

Now ask yourself a few additional questions: Does your company have an easy way to ensure that someone is following up on each piece of feedback (regardless of how the customer, vendor, or employee chose to present it to you)? Is someone being held accountable to “fix” any problems uncovered? What process tool is being used to ensure that follow-up action is occurring? How is positive feedback channeled back to the frontlines or to training programs for reward and replication?

And finally, do you know how these various types of feedback influence each other? For example, how will declining employee satisfaction impact customer satisfaction? And how will declining customer satisfaction impact customer loyalty and eventually revenues?

The Solution – EFM

Enterprise feedback management helps solve each of these shortcomings. Feedback is collected, consolidated, analyzed, and immediately available to front-line managers to improve operations. The information is widely accessible up and down the organization’s hierarchy, with different reports, roles, and permission levels available for different types of users. With real-time feedback, consolidated from all sources, managers have a tool to make an immediate impact. When customers and employees see or hear that their input is actually being put into use, they become increasingly invested as an emotional “owner” of the business, which brings a heightened level of attachment and loyalty.

Consider the following charts, demonstrating the “before” and “after” of EFM:

Chart One typifies the chaos and “silos” of many businesses. Feedback data is collected in various departments. Often the data is stale. There is little intelligence available to filter feedback and drive action. Time-starved local managers are required to sift through multiple reports in order to try and make sense of the disjointed information.

CHART ONE – (“Before” EFM)

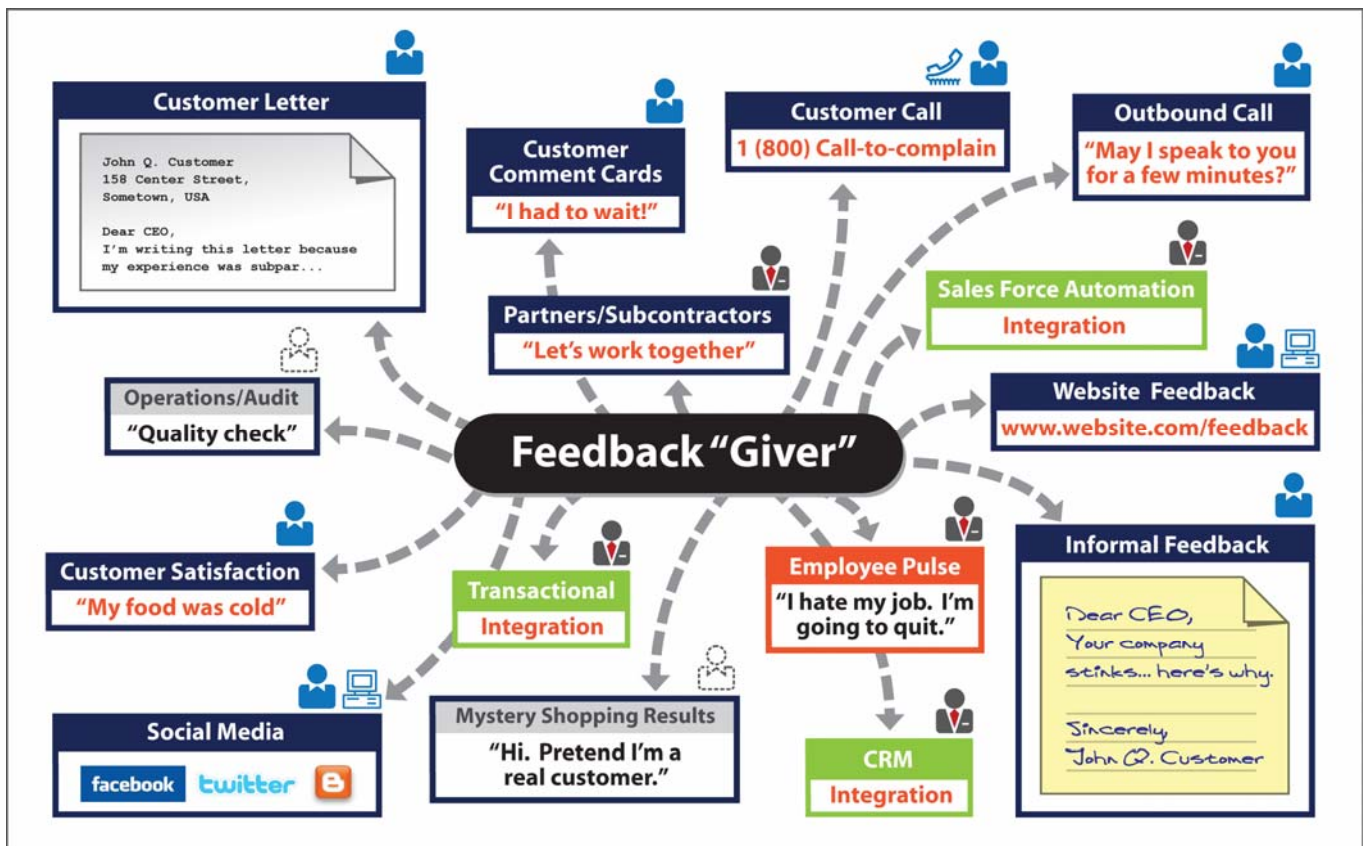
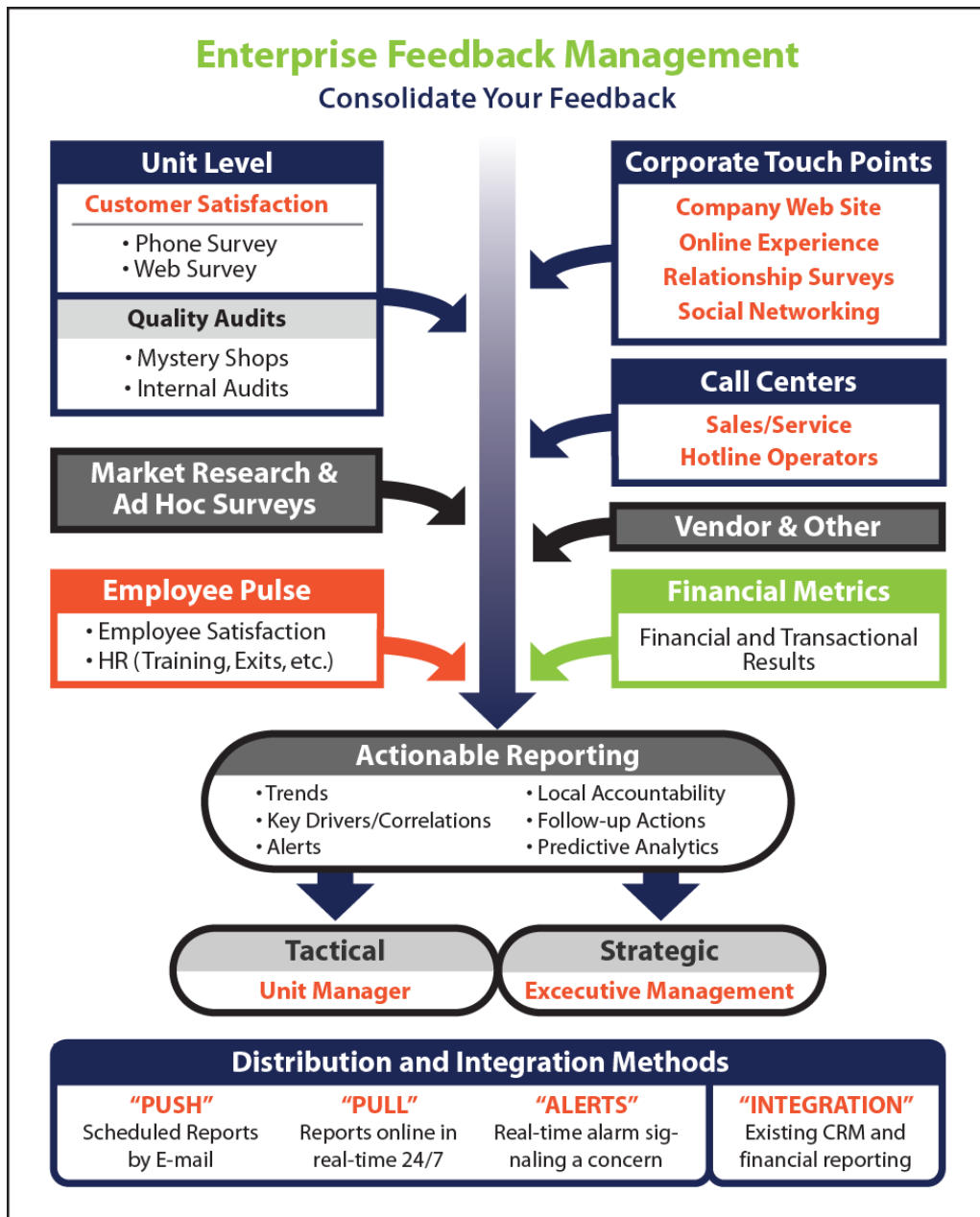


Chart Two demonstrates what the flow of information can look like after an EFM solution has been implemented. Data is transformed into actionable information. It is consolidated, summarized, analyzed, and delivered to the appropriate manager, in a useable format, and in real time, when it is still fresh and actionable. People are held accountable for following up on the feedback.

CHART TWO – (“After” EFM)



Benefits of EFM

A well-designed, properly executed EFM solution provides numerous benefits, but is especially useful in helping you understand your relationships with customers, employees, partners, suppliers, and others, regarding key issues and concerns, as well as noteworthy positive feedback. Some specific examples of the benefits of EFM include:

- Enabling real-time, customer-driven response.
- Understanding the key drivers that keep customers returning.
- Pinpointing specific store/team/employee training needs.
- Ensuring service-lapse recovery – fixing problems so they don’t recur.
- “Saving” customers (and their lifetime value) before they permanently defect.
- Compensating employees based directly on customer measurements.
- Providing integrated reporting of all feedback, from all “moments of truth.”
- Linking satisfaction to loyalty to financial results.
- Driving consistency across the organization by sharing results widely.

Robust EFM systems provide additional benefits by allowing companies to leverage data across departments. For example, transactional surveys can be augmented with additional market research-oriented questions, thereby saving time and resources. Effective EFM systems also integrate quantitative results (statistically-oriented) with qualitative data (such as verbatim, voice-of-the-customer comments). In this way, the more scientific, quantitative data can be cross-referenced with qualitative data that “speaks” more to the heart.

Sources of Feedback for EFM

The potential applications of EFM are endless. A partial list is shown in Table One.

TABLE ONE

<u>EFM Potential Applications</u>		
<p>Customer</p> <ul style="list-style-type: none"> • In-store retail • Internet homepage • Website experience • Call center (support/sales) • Relationship measurement <p>Market Research</p> <ul style="list-style-type: none"> • Product experience • Enhancement requests • New product evaluation • Customer demographics 	<p>Employee</p> <ul style="list-style-type: none"> • Employee satisfaction • Hiring and tracking • Performance reviews • Training • Course evaluation • Exit interviews • Ethics and culture <p>Data Collection</p> <ul style="list-style-type: none"> • Registrations • Risk assessment 	<p>Social Media</p> <ul style="list-style-type: none"> • Social networking pulse • Social feedback & blogs <p>Vendor/Partner</p> <ul style="list-style-type: none"> • Compliance measurement • Relationship measurement <p>Compliance & QC Audits</p> <ul style="list-style-type: none"> • Mystery shops • Internal quality audits • Process performance

Implementing EFM: Walk before you run (A realistic approach)

As with many enterprise buzzwords, the promise of a "perfect EFM" process has jumped ahead of most companies' ability to actually pull it off. Having witnessed implementation difficulties at other companies (like some early-stage CRM and ERP deployments), I present a more reasonable scenario to my clients, by recommending a phased approach, assisting them in building incrementally toward EFM as an ultimate goal. That way, as a client's processes mature, they are able to adopt more and more of Mindshare's leading-edge EFM technology. This avoids the problems that many companies historically have had in successfully rolling out other enterprise software solutions.

After gaining executive sponsorship, achievable initial steps might include the following:

Step 1 - Begin consolidating all customer feedback sources:

An important first step toward EFM is to combine customer feedback from retail units with company website feedback, online services feedback, and central call center feedback. In the example shown previously (in Chart Two), customer feedback is also integrated with feedback from internal audits and third party "mystery shops," to provide a more complete picture. Mindshare's purpose-built technology and reporting facilitates easy integration of feedback from all sources. (This initial level of integration is what many other vendors define as EFM.)

Step 2 - Begin integrating employee satisfaction surveys, and understanding linkages:

The next logical step toward EFM is to make sure that employee feedback is solicited routinely and more frequently than once a year. (E.g. many companies are taking an employee pulse quarterly.) Employee feedback is then integrated with customer feedback to provide a more holistic view of the company. Ongoing analysis of linkages between employee satisfaction and customer loyalty is initiated.

Step(s) 3(+) - Begin to develop a more advanced EFM:

Once the company has these basic processes in place (steps 1 and 2), additional inputs follow, such as integrating transactional and financial data, other kinds of feedback, more robust diagnostics (such as predictive analytics), and accountability and follow-up tools.

Summary

EFM is not a "fad," a "thing" or a "system." It is a management process that enables organizations to collect feedback in real time through multiple channels and multiple data sources, consolidate feedback from customers, employees, and other stakeholders, integrate that feedback with other important financial and transactional data, use intelligent analytics to turn that data into actionable information, and distribute that information to the right person at the right time for follow up. Enterprise feedback management is rapidly being adopted as a best practice among leading organizations and collecting, consolidating, and managing feedback from all sources and then urgently acting on that feedback is setting best-practice companies apart. EFM is a part of how they do business every day.

This is how I see it.

About Richard D. Hanks and Mindshare

Richard D. Hanks is the President of **Mindshare Technologies**, a leading provider of real-time, automated customer and employee feedback solutions. His experience spans multiple industries and disciplines, including many years as an adjunct professor at Cornell. He is an author and frequent teacher/speaker at trade, academic, and professional gatherings. Mindshare's business monitoring tools help companies improve operational excellence and minimize customer attrition through personal customer involvement. Mindshare's proprietary survey technology captures the voice of the customer in real-time and immediately transforms it into actionable intelligence through powerful enterprise reporting. As a hosted system, Mindshare is affordable and flexible, with surveys and reports tailored to fit a company's individual needs. For more information please visit: www.mshare.net. To reach Rich directly, contact him at rhanks@mshare.net or (801) 263-2333.

¹ **(NOTE:** The practical application of the industry term "EFM" is constantly evolving. Multiple uses exist, with different organizations focusing on different aspects of feedback. The earliest users of EFM focused primarily on the management and control of the surveys themselves and central application of authoring and analysis. Mindshare focuses more on the consolidation of all the different types of feedback and delivering real-time, actionable information across the enterprise. Other terms used to describe similar activities include: customer experience management, corporate feedback systems, and many others.)

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