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Enroute to Human Sigma'–A Tale of Employee–Customer Interaction

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Abstract—"*Quality in service product is not what you put into it, it's what the client or customer gets out of it".*
Rightly quoted by 'Peter Drucker' about the quality maintenance issues in service sector is something which is not in control of the organizations. Although managers have had a good time managing their products at the factory floors by not letting them land up in the bin baskets by applying effective and efficient operational methods through a Quality mantra called Six Sigma. But, the service sector has never been up to snuff, when it comes to hold control on their factory floors i.e customer touch points. Perfection is something which in past few years happened to be a Holy Grail for the companies dealing in employee-customer interaction. Human Sigma acted as a 'messiah' for service sector companies by presenting a honeymooning picture of employee-customer interaction. This paper talks about this romance of the major parties i.e. employees and customers, of the service sector under the name of 'Human Sigma'. The degree to which employees should be engaged and the degree to which customers should be engaged with the organization explains the level of Human Sigma. Furthermore, this paper enlightens about the basic standard rules of the Human Sigma. The entire conceptualization of the topic for this paper comes from 'The Gallup Study' by Fleming and Asplund.

1. INTRODUCTION

Customers, belonging to any part of this earth, have now started admiring companies that endeavor to be 'human' and consequently surpass intrinsic customer expectations (Zeithaml, Parasuraman and Berry, 1990, Parasuraman, Zeithaml and Berry, 1985). Having understood by the importance of such admiration by customers, the service industries have now become more concentric towards improving service quality. Many researchers and authors have defined services in manifolds. Few quote it in terms of service category and features plus service quality (Williams and Buswell, 2003), others cite it as service barter of company and its respective consumers (Kandampully, Mok and Sparks, 2001). Besides, the service industry is, by and large considered as person – to - person interaction during deliverance of intangible offerings (Reisinger, 2001). Hence, the significance of managing the employee-customer interaction often portayed as turning point, turn into even more decisive for management of service quality (Fleming and Asplund, 2007; Normann, 1991) giving the birth to the new era of "**Human Sigma**".

2. SIX SIGMA IN SERVICE SECTOR

Right from the time when industrial epoch was at day break, it was the factory floor that created value for any manufacturing unit. Managers at factory floors are very well versed with the truth that the major reason for their finished goods to land up in a bin basket is because of their less efficient and ineffective operational methods. Eventually, more the bin baskets are filled, narrower gets the profit brackets. In order to get rid of this situation, managers need to understand the nitty-gritty's of bell curve of quality in an attempt to empty the bin. Adding more production to the acceptable array along with trimming of faulty production is the only quality mantra. This Quality mantra was named as Six Sigma which talked about lessening the inconsistency in processes and systems; although it overlooked the multifarious human system that triggered the performance of organization. Standing ahead was the new dilemma of managing quality at the human side of business. At the hotels' reception, at the doctor's clinic, during boarding of flight, sailing on a cruise or at any sales floor - the customers and employees interact. So finally a new factory floor was developed to focus upon named: employee-customer encounter. Six sigma black belt holders were given training on advancing the root cause of any defective system namely, machines, material, method and measurement. But they missed out an important 5th M to the list – 'MEN'. Since all four M's could actually goes wrong if the 5th M is not paid much attention to. Adding more to the frustration of any manager is lack of absolute control over their workforce. Most of them longing to convert their brains to 'read only' mode, so as to confine and limit their independence and actions to those unequivocally permitted by the management. As once quoted by Henry Ford, 'Why is it that I always get the whole person when what I really want is a pair of hands?' This expression clearly depicts how annoyed are the managers from the inability to turn their workforce as their most perfect tool. Also, Six Sigma turns out to be too techie for the people in service sector and thus keeping them aloof of the benefits and paybacks of it. Though few have had the nerve to put it into action in the name of transactional six sigma. Transactional six sigma is something that concentrates on people than process. Eventually, the managers appreciated a need to have a proper process that could benefit those in service industry or the ones who had to make out profits from the direct customers-employee interaction. Human sigma with an intend to provide the same result to service industry as what six sigma did for manufacturing. It finally succeeded in harking back on the key issues that was often ignored or kept unseen inside the boardrooms and meeting areas where business decisions are made. Six Sigma, in the name of 'Human sigma' in service industry, is blending strategic analysis with hands-on, realistic steps and suggestions and will change the way people look at service sectors.

3. HUMAN SIGMA

Inspired by the progress of six sigma methodology, the businesses are now moving towards handling the sales and services in the hands of six sigma. Since, complexity is the another name for human; had it not been so, the customers would have rated as a rational creature who would have judged the interaction with the organization on a very rational basis and this world would have been so much simpler; resulting in pleased, gainful and lasting customers. But the real world is way more cruel and obtuse. The researchers have put two different fields of behavioral economics and neuroscience into a romancing affair to reach to the conclusion that customer's decisions are based on complicated blend of emotions and reason wherein emotions have a bigger paw to scratch the decision. Human sigma, on the footsteps of the six sigma, has carved its success stories in the terms of outperformance. In a study of 142 countries, done by Gallup, it's been avowed that merely 13% of the total numbers of employees are engaged at work worldwide. Moreover every four employees out of ten are disengaged at their workplace, since their workplace does not create an environment to get them emotionally connected. In a meta-analysis, studied by the Fleming & Asplund, comprising 1926 business units in 10 various companies, the triumph of human sigma bared its fangs. There was remarkable increase in the sales growth by 85% and gross margin by 26%. All this and more was achieved only through a team of highly engaged employees resulting in customer retention. Utmost important is the identifying the going-ons that might lead to boosting up of engagement of employees to eventually keep hold of customers and contribute towards sales and profits of the company. Hence, Human Sigma proffers an authoritative loom that involves measuring, managing and ensures continuous escalation in the performance of the employees. Employee engagement and Customer Engagement are two pillars on which lays the foundation of the concept of Human Sigma. Both the pillars are deterministic and controllable at a local level. Former meta-analyses (Harter, Schmidt & Hayes, 2002; Harter, Schmidt & Killham, 2003) have ascertained the association between employee engagement and numerous upshots (including employee retention, productivity, profitability, safety and customer loyalty). Research has also designated the worth of customer perceptions of service quality (Schneider, 1991) and customer engagement (Applebaum, 2001) and the doable interactive effect of employee and customer engagement in envisaging the pecuniary (Fleming & Harter, 2001; Asplund, 2001).

4. CUSTOMER ENGAGEMENT

"It takes months to find a customer but seconds to lose one"

Customer Engagement is the degree to which the customers are unwavering to a company, a brand or even to the employees of any specific company. (Coffman, 2004). Fully engaged customers signify an average of 23% premium in terms of profitability, financial proceeds or in rapport in comparison to average customers. (Fleming & Asplund, 2007). Gallup has classified the engaged customers into a hierarchical level which consists of main four domains:- confidence, integrity, pride and passion (Coffman, 2004) Customers do not need just a mere transactions but craves for relationship. In every organization there are customers who sweep over others. Such customers pay more visits, rebel the competitors gambit, advertise the brand to the target market through word of mouth and condone the sporadically service hiccups. A highly engaged customer would advocate the brand on emotional front. On a contrary view from Maslow's need hierarchy, Fleming and Asplund, 2007, have proposed four dimensional hierarchy explaining the customers' emotional linkup with the company (Fig. 1). The elementary dimension of emotional attachment is the confidence of customers towards the organization. Any organization that succeeds in keeping the promise of providing consistent high performance to their customers, wins their confidence. Though confidence is the substratum over which the higher levels of emotional attachments are built. But it's not the only ingredient for constructing long term relationships with customers. The company's standards, ethics and promises which they stuck, stand upon second level in emotional attachment by the name of integrity. The third component is pride which ensures the feeling of optimistic classification for the organization. And the last is passion. Real ardent customers are pretty uncommon in the market. If an organization owns such customers, they own them for lifetime and these customers are no less than a prized possession.

Fig. 1: Customer Engagement

5. EMPLOYEE ENGAGEMENT

Employee Engagement is the scale at which employee are psychologically committed to their employer on being given the quality of work-life. More the employee is engaged, happier customers he makes, more profits he adds to and more productive he results in. (Buckingham & Clifton, 2001). Workplace engagement is also an important element when the organization is on its way to upgrade its business process and customer service, since employees who are highly committed and devoted towards organization may provide the best of ideas to ensure the success of the firm. Engaged employees are a firm’s most valued assets; such employees feel themselves sentimentally, communally, and piously hooked up with the strategic intent of the organization. Gallup had created an engagement survey wherein they had put few characteristics which measures the level of engagement of any employee. The elements he used employee expectation, recognition and relationships with the help of this survey, one could assess the employee’s attitude, productivity, retention, profitability and safety levels. “When employees know what makes customers passionate about a brand, when managers allow workers to seek out solutions to customers concerns, both employees and customers benefit” (Fleming & Hauter, 2001, para. 14). Azbill (2008) states that employee engagement can be increased when the firm treats the employee in a manner they feel themselves valued. With each passing day every manager has the prospects to shore-up employees in amplifying their value proposition to the organization and if he loses these opportunities he loses his most valued chattels. An organization is defined as a gathering of populace who come together to work on a common goal or objective. As the organization keeps adding more to the number, bigger it gets and the theory goes other way round as well. Nevertheless, it has become a delusion that everyone working in organization works with the best of their abilities. The explanation for such issues can be countless- role ambiguity, non-compliance with company objectives, professional conflicts and so on. This verity demanded the categorization of employees on three bases – Engaged, Not Engaged, and Actively Disengaged. Engaged employees account for almost 29% of the entire workforce. Ardor, novelty, alignment, fervent and dedicated is the lexis associated with such employees. Engaged employees come up with new ideas and try converting them into actions. Such employees are a boon to the company. In addition, actively engaged personnel’s are 18% more productive, 15% more profitable, 12% improved at engaging customers, 27% less prone to absenteeism, 62% less likely to be the cause of accident. Not Engaged employees are difficult to be identified. They are neither actively disruptive nor are they highly enthusiastic. Such employees are more than half the working population in the organization. Not engaged employees perform only those tasks which they have been asked to and only functions over one command at a time. Actively Disengaged employees are often phrased as the disease centre of the organization, adding up to 15% of the total workforce. Such employees are not just unhappy with their work area but often openly exaggerate the same in order to spread the same feeling amongst all. They keep on criticizing the work that actively engaged employees do. Every organization needs to control the activities of such disease centers in order to run more effortlessly.

6. LEVELS OF SIX SIGMA

In 2007, Fleming and Asplund carried out a meta-analysis involving 1,979 business units of 10 different companies as a part of Human Sigma Survey. These companies were dealing in the financial services, retail services, and professional services or were a part of sales industry. The result of this so called Human Sigma Survey is as shown in Fig. 2 below.

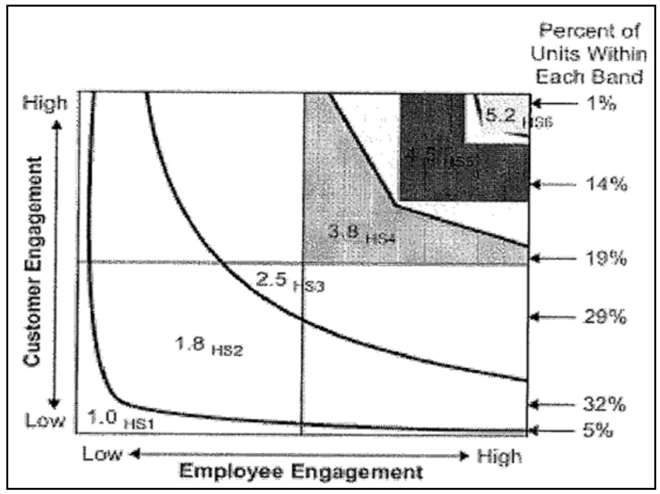

Fig. 2: Employee Engagement

The above said Fig. enlightens that the company on the HS1 threshold are low on customer engagement and employee engagement. The clear unbalanced and extreme long tailed graph on the performance bands shows the poor financial performance of the 37% companies included in this study. Business units at HS3 make up to 29% of the companies under study to be out of balance because they rank high on one vital sign but poor on another. Organizations that do not focus on engaging their customers but engage their employees more often usually lose their direction and tend to be tagged as inwardly focused. Units, which are higher at HS4, are categorized as ‘emerging optimized’ players. They have been successful in balancing out the employee-customer encounter; but still there exists substantial gain points for such type. HS5 & HS6 are named as ‘super performers’. To summarize, companies at HS4, HS5, HS6 segment are 3.4 times more financially effective than companies in HS1, HS2, & HS3 segment.

7. RULES OF SIX SIGMA

The entire notion of Human Sigma revolves around five rules that promise to bring fineness to the employee-customer interaction. Although, the implementation of the human sigma may diverge from company to company, but its end result is mostly the same. The implementation may be brought down to typical five sure shot winning rules listed below:

Rule 1: E Pluribus Unum: The first and foremost rule says you should measure your employees and customers together. These are not the two poles apart. Any service industry should understand the interrelatedness and mutually dependence of the employees and customers service experience. They should be brought under the same umbrella of management. This states that in real life frame, no manager can split the accountability for the quality of company's employee connection from the responsibility for the valued customer relationships.

Rule2: Feelings are Facts: This lucid axiom silently whispers roughly everything we need to know about our customers and employees; customers what they think of the company they deal with and employees perceiving about their affiliation with their employer. This rule refers to a proven fact that 90% of our decisions are driven by the emotions and feelings. Since, the employees and customers are blessed with human mind and heart; they tend to look at the matters in the most irrational and volatile view point. Moreover it's not always favorable for the management to think from a sane or sound mind but rather at times it becomes imperative for the business to use more of heart to make decisions.

Rule 3: Think Globally, Measure and Act Locally: The employee-customer encounter must be measured and managed at the local level. No matter how global is the presence of the company, how huge may be the market share but when it comes to interacting with the customers one must get down on knees to share the local conversation. Employee and customer encounter is a deeply homely occurrence that can fluctuate noticeably from locality to locality in the same company. As a result of local performance, one must gauge and handle it locally.

Rule 4: There is One Number You Need To Know: Any organization must compute the efficacy of employee-customer interaction in a solitary performance measure – the Human Sigma metric. This metric financially related to the performance. More the organizations communicate at the local level with the employees and customers; more does it grow financially and operationally.

Rule 5: If You Pray For Potatoes, You Better Grab a Hoe: A mere intention to get rewards will not yield you rewards. You really need to shove up yourselves to hard work. From an organizational view point, improvement is something which is continuous in nature and must be brought about with active interventions through a combination of transactional and transformational activities.

8. CONCLUSION

"Your life does not get better by chance, it gets better by change", rightly said by Pablo Picasso. It's the time for service industry to stop giving itself the chances but to stand for itself and bring the change. This change towards perfection is called "Human Sigma". It focuses on tolerating the swings in human nature to ultimately channelize it towards organizations long-awaited profitability in terms of financially, operationally and last but not the least interpersonally. Human Sigma is and would be a proven advantageous for the service industry and will work and benefit it in the same fashion what Six Sigma did for manufacturing concerns. There are no hoary shots to make, no magical pills to gulp, no mystical pulley to drag to instantly resolve the issues but gradual and continuous improvements would yield the best of results.

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