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MEASURING AND REWARDING CUSTOMER SATISFACTION, INNOVATION AND WORKFORCE ENGAGEMENT

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Many companies struggle with how to measure employee performance when rewarding employees. A recent study by Deloitte (Leibs 2007) found that while senior managers said they were able to effectively apply metrics related to financial performance, they were unable to measure nonfinancial performance well. And this key capability gap was a substantial concern because nonfinancial performance drives results and financial success. Financial measures look back, while forward-looking nonfinancial measures enable proactive changes to the business.

The same study reported that senior managers believed they could gain advantage not only from being able to measure financial performance but also from substantial improvement in the ability to measure the following indicators of organizational success:

- Employee commitment
- Customer satisfaction
- Innovation
- Quality of governance/management processes
- Impact on society/environment
- Operational performance.

This list is in order of where senior managers believed the greatest benefit could be gained from higher-quality information on metrics. The performance yardstick improvement "wish list" also included additional lower priority nonfinancial measures.

Leaders believe measurement matters and, although meeting financial goals remains a critical priority, measurement needs to include other than solely financial performance. This piqued the authors' interest in discovering how companies are addressing the challenge of defining and setting goals for some less easily measured goals—specifically employee engagement, customer satisfaction and innovation—rather than operational and financial goals that have a longer history of frequent usage as pay-for-performance measures. An understanding was being sought of the usage of these less easily measured but meaningful and relevant goals in paying for performance. Interest relative to these business priorities also included the following:

- Examples of measures
- How goals are set
- Strengths and challenges in setting goals

- Methods of paying for performance
- Strengths and challenges of linking with pay for performance.

STUDY OF FAST-GROWTH TECHNOLOGY COMPANIES

Because innovation and creativity are important to technology companies, the authors chose to explore those organizations. Rather than studying a random sample, the focus was on fast-growth technology companies to learn the practices of the more successful ones. A sample of technology companies was selected from three lists—Forbes' 25 Fastest-Growing Tech Companies, the BusinessWeek 50: The Best Performers + 25 and the Fortune 500 Fastest Growing Companies: Growth in Profit (5-Year). (Forbes' 25 Fastest-Growing Tech Companies must have at least $25 million in revenue, a five-year revenue growth rate of at least 30 percent (annualized) and a sales growth rate of at least 5 percent in the most recent 12 months. The BusinessWeek 50: The Best Performers + 25 are based on average return on capital and sales growth during the previous 36 months. The Fortune 500 Fastest Growing Companies: Growth in Profit (5-Year) are ranked by five-year growth in profit (2001–2006 percentage annual growth in earnings per share (EPS)).

From these lists, 20 companies were willing to be telephonically interviewed in depth, and they answered questions based on a patterned interview (See the Appendix on page 12). The companies provided:

- The needed detailed information for a thorough understanding of what they do to measure performance and determine compensation and other rewards

- Why they do this, including the logic supporting their directions.

The 20 technology companies are growing, are financially successful and share some common workforce challenges, including:

- Competition for highly scarce talent with many other quality companies seeking the same skills, competencies and performance record

- Initiatives to make themselves more attractive to the people they need for business success even though they are strong business and talent-market competitors with good financial records

- Business, product and service models whose sustained success depends strongly on innovation and creativity, engaged and talented high-performance employees, and the satisfaction of customers who have alternative providers of quality products and services from which to choose.

The companies vary in size. Median revenue is $3 billion, average revenue is $3.1 billion, high-company revenue is $12.5 billion and low-company revenue is $125 million.

BUSINESS CASE FOR MEASURES BEYOND THE BOTTOM LINE

Most fast-growing technology companies in this study use measures of customer satisfaction, workforce engagement/satisfaction/inclusion and/or creativity/innovation as priorities and consider it important to gather data and information on these measures and to use these in rewards programs. Most of these companies, and their CEOs, believe that only measuring the end result of financial performance is not enough. They instead believe in a strategy that includes the following elements and supporting programs:

- Successful financial performance and business growth result from listening to and including customer input in decision processes, encouraging and rewarding innovation and creativity directed toward the generation of new or enhanced products and services, engaging and involving the workforce in making the company a success and rewarding employees for their performance.

- Even though measurement challenges exist, the three priorities are so critical to business success that they should be measured as best as possible and rewarded.

- Most use the customer, workforce engagement and innovation as key elements in either the performance-management system impacting base pay adjustments and/or variable pay and incentive plans generally funded by more quantitative performance outcomes.

The business case these companies universally make is that measures and goals, plus the rewards to which they are linked, are powerful communicators of directions and values. They want their workforce, who are essential to their success, to understand what is important and become stakeholders in helping the business be successful. They want to suggest to employees "what it is like to work here" and help them understand—from the start—that the workforce will be part of the performance solution, customers are critical to educating the company about what they want and will buy and technology companies depend on applied innovation and creativity for survival.

The business case is that these companies are trying to shorten employee line of sight for goals and measures and are willing to struggle with communications and trust-building issues that accompany the use of less quantifiable or less easily measured goals for evaluating performance. They use goals and measures that are closer to the influence of the workforce than the also-used goals such as company profit, income, revenues or other financial measures.

STUDY RESULTS

Leadership Measure of Workforce Engagement/Satisfaction/Inclusion

Most companies studied not only say that people are the key to their business success—they *mean it* and *verify it* with concrete evidence. They typically believe that having engaged or satisfied employees means better business results, both customer and financial (even without having conducted specific research on the correlation between employee satisfaction/engagement and customer satisfaction or trying to determine which comes first). Senior leadership stresses the relationship between employees and customers (e.g., "Top employees beget top customers," "Get top people and include them in the business solution" and "We will have the best people or your money back" (meaning the customer's money)).

While most believe that engaged employees lead to customer satisfaction, one company, in contrast, believes the opposite cause-and-effect relationship—that being a totally customer-focused organization emphasizing customer service drives employee satisfaction and engagement.

Some participants emphasize employee satisfaction, employee happiness or employees considering the company a best place to work. Most study companies, however, are not focused on this. Instead, their objective is for people to be engaged or included. As one participant said, inclusion means "making people part of the whole" because inclusion in what is going on in the business matters most to business success. Another company measures to what extent people feel they are doing something meaningful as part of the customer experience and business solution. A different company measures enlisting people's help on the creative and customer front. Still another measures not what employees want but what would help them improve. This company asks people's view of the nurturing and growth they receive rather than their satisfaction with questions such as "Are you growing?" and "Do you have the opportunity to meet goals and produce new ideas?"

Three-fourths of the companies measure some form of employee engagement/satisfaction/inclusion with specific measures and goals. The most frequent method, used by one-half of the organizations, is to canvass employees regularly by means of a survey which measures climate, attitude, engagement, inclusion or value. Some do this twice a year. Two participants are required by their U.S. government customers to conduct workforce-climate studies, so they use these results within the company to evaluate and discuss performance.

In addition, some companies mentioned also using a systematic process for gathering information face to face. One characterizes this as, "HR executes a patterned interview strategy throughout the company to gather workforce information and input, targeting what is current at the time to give us the chance to have personal contact with our workforce to provide information and answer questions." Another company supplements surveys with rounds of employee interviews every 60 days. These participants felt that they were able to get much more from direct employee discussions and engage employees better in the process through face-to-face contact.

Other examples of measures and goals used include employee turnover (especially turnover of top performers or key employees), acceptance rates for job offers, promotions and recruiting goals.

Most participants (75 percent) use employee measures and goals for management rewards. Employee measures and goals are used for leadership rewards as shown in Figure 1.

FIGURE 1

Leadership Rewards for Employee Engagement/Satisfaction/Inclusion Measures and Goals (based on 20 companies)

Employee Engagement/ Satisfaction/Inclusion Measures and Goals Used	Percent of Participating Companies	Participant Comments
Leadership performance management	55%	Measurable talent goals (e.g., employee turnover rates, employee-survey results); one company answers focused talent-management questions about the manager to evaluate performance.
	10%	Did not mention whether talent management performance evaluation is based on more measurable goals or more observable behavioral competencies (e.g., leadership skills/competencies).
	10%	Not formally; consideration in performance management.
Leadership base pay adjustments	70%	Ranges from a consideration to 50% of base pay adjustment. One company uses employee satisfaction as a gate for leader base pay increases (no pay increase or deferred pay increase if the leader misses the goal).
Leadership incentives/ variable pay	40%	These measures and goals are used as a gate and/or as a positive/negative modifier or also as goals with a 20% weighting.
Leadership promotion	15%	Not only promotion but also rotational growth assignments and a requirement for keeping the current job.

Measuring Innovation and Creativity

If creativity is divided into "creative musing" and "creative applied results," these technology-dependent companies are not much interested in the "musing" part. They believe the workforce, through creative skill and competency application, holds the key to developing and bringing to market technology to support the company's bottom line. Measuring innovation and creativity is difficult for companies from a metrics and even a definition standpoint. But as one CEO said, "We must measure what counts and not just what is easy to measure."

Most participants measure creativity and innovation by the result of the creative process and reward for producing new products and services with positive bottom-line impact. For example, one business reported, "Our company measures *productive* creativity through a 'Fraction of the Action' Plan by sharing income from new products and services with employees who are involved in product performance." The companies seeking to measure the application of the creative process tie it to financial thresholds to ensure that financial success and what they are paying for are strongly linked. One participant said, "Every incentive plan has a financial 'trigger.' Once passed, our company pays off based on customer, engagement and innovation metrics."

Three-fourths of the companies use some combination of the following objective measures to evaluate innovation and creativity:

- Revenue or income from new products or services
- Revenue or income from improvements/enhancements to existing products and services
- New income streams from combining capabilities to form new directions
- Revenue from new customers
- Commercialization of products/product enhancements
- Effective utilization of research and development dollars into revenue from new products.

Eighty percent of the companies studied use innovation/creativity measures and goals for rewards for employees, as shown in Figure 2.

One-fourth of the companies mentioned that they use innovation/creativity as an observable competency in their performance management.

In summary, adding business value is a key priority for the companies studied. "Innovation for innovation is not a goal here," one business reported. "We look at managers of organizations to see whether problems are solved and new ideas are translated into outcomes we can ultimately measure."

FIGURE 2

Rewards Used for Innovation/Creativity Measures and Goals (based on 20 companies)

Rewards for Innovation/Creativity Measures and Goals	Percent of Participating Companies	Participant Comments
Base pay adjustments and performance management	50%	One company only uses it for managers.
Cash incentives	40%	Excluding one-time breakthrough awards.
Very large cash or stock/ stock option awards (one-time awards)	30%	These awards are often for breakthroughs and can be the equivalent of 1 to 6 times base pay.
Recognition, promotion and stock grants	25% or less for each type of reward	Examples of recognition in addition to strong verbal/social recognition are a customized or larger work area or a study/learning sabbatical.

Customer Measures

Companies in this study universally focus on the important role the workforce plays in getting and keeping customers satisfied. These companies create line of sight for the workforce on customer measures. For example, one CEO's explicitly communicated strategy is, "to listen to our customers and find out what they want and communicate this to our employees. Put employees in touch with customers so they get input and course correction unfiltered and often. Pick the best people with the potential or track record of invention and creation and listening to customers. Give these people the support they need to get the job done and the opportunity to work with other people who create customer-satisfying products. Reward everyone based on just company income, new products and service income, customer satisfaction and loyalty, and getting and keeping the best people. These goals (i.e., categories) don't change."

Customers count, and focusing on metrics that evaluate success is important. Participant customer measures vary, as shown in Figure 3 on page 6.

The most frequently mentioned reward for customer results is cash incentives, especially for customer survey results. The company with the Fraction of the Action Plan for innovation also has an incentive plan for “those who work directly for client applications to share in the revenue of the client product for a successfully completed product with high client-satisfaction scores through a sharing formula.” Another company that is improving its quantification of customer measurement mentioned that it still needs to reward any positive “surprises” where people go the extra mile and make a customer satisfied in some important way.

Another participant said, “Paying for performance links us to our customers, and we use feedback from customers to communicate with employees and set goals for products and where we are going. We are aligned with customers, and not just some guess about where the company should go. The customer’s vision is communicated to our company through our rewards, and people are engaged to help the company respond to customers.” Paying for performance is viewed by this leadership team as important to connect the reality of what the customer does for the company and how the employee can help keep customers pleased.

FIGURE 3

Customer Measures
(based on 20 companies)

Customer Measures	Percent of Participating Companies	Participant Comments
Customer survey	70%	One company only uses it for manager rewards. Two use surveys that are conducted by U.S. government customers to measure the company’s own effectiveness in its government contracts.
Revenue growth	40%	Including profitable revenue growth.
Customer interviews	25%	Frequently, or every six months.
Financial measures	25%	Including growth in profits and company income.
Other	Less than 25% each	Including customer retention, product reorder, market share, profit or revenue from new customers, and revenue from customers with certain demographics that add to the business.

Goal-Setting

For companies in this study, goals are set top-down, not bottom-up. All companies indicated that leadership sets the goals aligned with the annual business plan and the business strategy. Two companies said that setting business goals starts directly with customer needs and input. Top-down is considered important so everyone understands directions and goals and to give credibility to the process.

None of the companies use bottom-up goal-setting; in fact, several said employee involvement was for achieving goals, not setting goals. Only 20 percent (four companies) indicated employee involvement in goal-setting. Three of these said this meant getting comments from employees and helping them understand the goals but does not mean having employees negotiate goals. The other company said employee involvement is only to negotiate up goals. Combining this finding with the employee engagement measure, the participants believe that leadership should set goals, but it is important to have employees engaged/included/satisfied to achieve these goals, not set or negotiate goals.

All develop goals that match business directions. Some said goal categories (e.g., financial, customer, employee, creativity/innovation) stay the same; specific measures and goals change based on alignment with business direction.

Ninety percent of the 20 companies studied set goals annually rather than quarterly or semiannually. The goals set (not the performance progress on goals) may be reviewed more often (e.g., every six months). Some will not change their annual goals regardless of the situation. More often, companies will change goals during the year only when needed. This typically means if a major change, dramatic shift or emergency occurs but may also mean “on-the-spot change when directions change.”

All companies set goals for improvement, and some mentioned that financial goals especially must continue to improve. After performance improvement, the second most-often mentioned objective for goal-setting is consistent performance. One participant said, “Our byword is consistency and improvement.” Some companies set some of their goals to maintain performance, provided current performance is high enough. None of them set goals by comparing their performance to other companies, either in their industry or best-practice organizations. Their focus is improvement compared to their own performance, not relative to other companies.

Goal-Setting Challenges. Goal-setting challenges or improvement opportunities primarily focus on setting goals at the correct performance level across the organization so they are motivating but challenging, as Figure 4 shows.

FIGURE 4

Challenges in Goal Setting (based on 20 companies)

Goal-Setting Challenge	Percent of Participating Companies	Participant Comments
Goals are difficult to calibrate	50%	The challenge is setting goals that are calibrated similarly across the company, especially when goals are not as objective and measurable as financial measures can be.
Method of measurement needs improvement	30%	These companies said they do not have the most effective way to measure some goals (especially innovation, employee and customer goals), but they use what they have and refine measurement as they go. They cannot wait for the ideal measurement because they would fall too far behind in performance on important measures.
Goals are not set with enough stretch	25%	Goals should not be slam-dunk but represent business value when they are achieved.
Goals are set too tough	25%	This is the flip side of not having enough stretch in the goals—setting such tough goals that they may be unachievable or very difficult to achieve. Sometimes year-over-year improvement is difficult. Sometimes companies feel like they are guessing at the future when they set goals. However, another company said their slogan is “growth or die,” so they continue to set tough goals.

Goal-Setting Strengths. In addition to challenges, companies have goal-setting strengths that have been incorporated into the organization’s fabric, as Figure 5 on page 8 shows.

FIGURE 5

Strengths in Goal Setting (based on 20 companies)		
Goal-Setting Strength	**Percent of Participating Companies**	**Participant Comments**
Cascading goals	90%	These companies said everyone is linked in one message about goals because management and the workforce have the same goals or aligned goals.
Employee understanding of, acceptance of and engagement about goals	65%	Communication about goals is frequent and broad-based—some said the CEO's priority is to communicate about goals to employees all the time. Education is also constant (e.g., the link between financial measures and customer satisfaction and the need for improvement).
Measures and goals are reviewed and changed to match business directions	40%	These companies still continued their focus on what is important for them—innovation/creativity, customer, talent management and financial results.
Goals are interrelated or integrated, as appropriate	30%	There is a balance of team and individual goals for inclusion. This helps integrated, as appropriate with clarity and simplification of goal communication

Pay for Performance

Two companies have only senior managers participate in a pay-for-performance program and do not pay for performance for the general workforce—one of these focuses on being "a great workplace with great benefits." Senior managers' focus is on the work environment, and they believe the management pay-for-performance program must breed excellence first because managers are so key to making it work throughout the workforce.

Strengths of Paying for Performance. Although the question was not asked, most mentioned a pay-for-performance strength as communicating and aligning pay with business goals, including some combination of financial, customer, innovation/creativity and talent-management goals. Other strengths are described in Figure 6.

FIGURE 6

Strengths of Paying for Performance (based on 20 companies)		
Pay-for-Performance Strength	**Percent of Participating Companies**	**Participant Comments**
Results/reward relationship is about right	80%	The size of the reward fits the goal achievement.
Outstanding performance is appropriately rewarded	60%	People who make a difference get rewarded—in some cases very significantly.
Awards are appropriately not given for low performance	35%	Low performers leave or are managed out but not as quickly or easily as companies would like.

Challenges of Paying for Performance. Companies mentioned challenges that fell into the five broad categories shown in Figure 7 on page 9.

FIGURE 7

Challenges of Paying for Performance (based on 20 companies)		
Pay-for-Performance Challenge	**Percent of Participating Companies**	**Participant Comments**
Subjectivity of the measurement of important nonfinancial goals	50%	Improving measurement and acceptance of the measurement of creativity, customer, workforce and other, more subjective, goals.
Communications for understanding and acceptance	20%	• New hires from companies that do not pay for performance accepting strong pay for performance • Workforce accepting pay-for-performance process as reasonable • Support people accepting that rewards are larger for people who make market innovations • Attracting top talent with the company's stock options and focus on the customer and creativity.
Workforce influence on financial goals	10%	Improving the workforce's line of sight and how-tos of getting financial success.
Keeping it up	10%	• Staying agile as business directions change • Getting clearer and more specific goals for individuals, organizational units and teams.
Simplify	10%	Less complexity.

Although a key objective is to engage all employees, some companies indicated that they cannot satisfy all employees but must satisfy those who make the company successful.

Communicating Goals

Companies had various strategies for communicating goals, as Figure 8 shows.

FIGURE 8

Strategies for Communicating Goals	
Communication Element	**Participant Strategies for Communicating Goals**
Communication medium	All mediums, face-to-face is best, electronic communications, performance on metrics and climate-survey results posted on the intranet, meetings to increase understanding of measures and goals and to discuss opportunities for improvement.
Style	Constant, rampant, consistent, "walk the talk."
How goal importance is communicated	• Paying for it makes it real to people • Sharing company success • Part of everyone's performance management, incentive plan and rewards program • Part of the agreement when hired • What gets measured and rewarded gets done.
Sample key messages	• Must continue to improve. • The customer is always right. • There's a need for new people to strive and survive. • Technology is not for employees or shareholders but for customers. • Innovation creates growth. • Innovation should be "on the fly" everywhere and all the time. • Be bold—dramatic is not scary (meaning change).
Objective for workforce understanding	• How the company and every product is doing • How customers, creativity, and getting and keeping the best people go to the bottom line • Their role and the relationship between what they do and how the company does—how they help • Financial reports.

Lessons Learned

Six predominant themes of lessons learned emerge from the studied companies. Figure 9 elaborates on the key lessons learned in order of emphasis by the participants overall.

FIGURE 9

Lessons Learned	
Communication Element	**Participant Strategies for Communicating Goals**
Measure what is important as best as you can	• Use performance measures and perfect them as you go. • Do not just measure what is easy; measure what you think makes a difference. • Do it—you do not get anywhere if you go for ideal measures. • Use all possible metrics to measure performance, even if they are hard to use. • You are not going to be able to measure everything that is important, so build trust and reward as best you can. • Use the measurement tool that the customer uses to measure your performance. • Measure what you can, and estimate the rest. • Focus on the right metrics, even though sometimes they are subjective. • Goals are good communications tools and get people involved in what is important.
Hire good talent and reward them	• Use compensation to get everyone involved in making the company a success. • Make it a priority to hire those that can generate what is needed, and pay them for it. • Hire good people, and pay them to make the company a good one. • Build trust in the performance-management system, train managers in the process and hold them responsible, and make it a positive experience where possible. • Use customer, employee and creativity plus company success in performance management, and have it influence base pay where possible. • Do not use pay for performance—become a great workplace with good benefits for all. • Use incentives for those who manage the company, and provide an excellent workplace for everyone else. • Keep leaders on pay-for-performance and financial goals, and hold them accountable for financial results. • What gets measured and rewarded gets done—as long as it is not just financial performance, and as long as it is not just for executives and officers.
Communicate the positive message about focusing on customers, innovation and the workforce and how this links to the bottom line.	• Communicate the great message—we are creating new ideas that make money and keeping customers happy with our work. • People satisfy customers, and customers impact the company's bottom line. • Communicate about performance based on a three-legged stool—climate survey ratings, customer ratings and financial performance. • Communicate that creativity is not just "odd thinking" but must generate company income. • Connect people to both the company and the customer. • Connect the customer, creativity of new products and inclusion of people in making the company a success. • Have a company initiative tied to the customer and not just focused on earnings or profit numbers.
Keep at it—do not give up.	• Keep at it; do the best you can, and fix systems that fail. • Try to do it, and do not give up.
Gain everyone's understanding of the company's business direction	• Get everyone going in the same direction. • Have everyone know what makes the business run. • Get everyone's attention on new directions. • Have everyone understand that the company must make a profit and grow.
Manage talent effectively	• Find out what employees think, and consider it in making plans for the future. • Keep the best people happy, and get as many of these people as you can. • Managers must understand how to manage all of this, because this is a complex success formula.

SUMMARY

High-performance organizations, at least the ones in this study, are using metrics going beyond merely engaging talent and are actively including people as part of the successful business formula. This study of fast-growing technology companies showed:

- These high-performing companies are using less easily measured performance metrics—customer measures, innovation/creativity and employee engagement/inclusion/satisfaction.

- Acknowledging improvement opportunities exist for measurement, company leaders believe these measures are an element for business success and use them in their less-than-ideal current state.

- Although the bottom line remains the goal, these companies view metrics involving customers, concrete innovation results and workforce engagement as critical means to reach the financial goal.

- Paying for performance received a strong vote of confidence and practicality from almost all the companies studied (although two companies only have pay for performance for senior managers). Most companies studied use not only financial performance to measure success and as part of extensive pay-for-performance programs but also customer measures, innovation/creativity and workforce engagement/satisfaction/inclusion.

This study provides more evidence to support the idea of becoming a best high-performing workplace and not just providing liberal or unique total rewards without a performance focus (Zingheim and Schuster 2007). It strengthens a business case for including measures and goals that focus talent on what makes sound performance success—including the workforce in the business model, making customers a critical source of information in giving direction to the organization and, at least in technology companies, emphasizing creativity and innovation that generate products and services affecting bottom line financial results.

Did attention to measures and goals in addition to financial ones accelerate the performance of these rapid-growth companies? Is there a causal or inferred relationship? Although this study cannot answer these questions, it seems difficult to suggest that added emphasis on customers and meaningful creativity and innovation magnified by conscious inclusion of the workforce in helping to make the business a success are not advantages leaders may like to enjoy.

This study questions the stance of automatically limiting performance metrics to those that can be quantitatively and readily measured in financial or other numerical terms. Critical talent wants to work for organizations where they make a difference and add value to the business proposition. Using these three good common-sense measures can be a starting place to tune an organization's total rewards to put more business substance into the words "talent management."

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APPENDIX

Focused Interview Guide for Study of High-Growth Technology Companies: Measuring and Rewarding Workforce Engagement, Innovation and Customer Goals

Schuster-Zingheim and Associates Inc. is exploring the use of measures of workforce engagement, innovation and customer goals in a pay-for-performance setting. We would like to ask you which of these measures you use for pay for performance, what the ingredients of the metrics are (what they actually measure), what has worked and not worked for your organization relative to these metrics, and what suggestions you have for other organizations considering using the metrics you have used for pay-for-performance purposes.

The areas we will explore during our teleconference include how you use the following:

1. Measures of employee engagement/satisfaction
2. Measures of innovation/creativity
3. Customer measures

In addition, we would like to know about how your organization does the following:

1. How measures and goals are selected.
2. How measures and goals selected are actually used.
3. What are the strengths and challenges of your goal-setting process.
4. What are the strengths and challenges of linking pay to metrics.
5. What suggestions and recommendations you have for others who follow your lead.
6. What has been especially successful relative to communications and gaining workforce understanding, acceptance and engagement.

Sample questions include:

MEASURES

1 | Employee Engagement

A. Does your organization measure employee engagement/commitment/satisfaction? If so, how?
B. Is it a measure for leadership variable pay?
C. Is it a measure for leadership base salary adjustments?
D. Is it correlated with customer satisfaction or revenues?
E. Does your organization believe there is a causal relationship one way or the other—e.g., does employee engagement drive customer satisfaction or revenues? Or vice versa?

2 | Innovation

A. How does your organization measure innovation?
   - Through a measure or goal (e.g., revenues from new products). If so, what metric?
   - As a competency
B. Is it used as a measure for:
   - Variable pay
   - Base salary adjustments
   - Recognition—cash or noncash
   - Other. What other?

3 | In what ways does your organization measure customer satisfaction?

- Customer satisfaction survey
- Financial measure (e.g., total revenues or revenues from existing customers)
- Nonfinancial measure (e.g., brand loyalty; retention of existing customers)
- Other. What other?

SETTING GOALS

4 | What is the most typical way that goals are set?

- Leadership analyzing past performance and potential improvement
- Improvement over prior performance
- Maintaining recent performance
- Consistent performance for a sustained period
- Comparison to other organizations insimilar industry or business situations
- Comparison to best practice
- Employee involvement in goal-setting—how?
- Other. What other?

5 | Do goals change from period to period?

- Reviewed and changed to match business directions
- When goals are no longer relevant
- Other? What other?

6 | How often are goals changed?

- Quarterly
- Semi-annually
- Annually
- More frequently
- Less frequently

ISSUES AND STRENGTHS

7 | What are the challenges in setting goals?

- Goals are not set with enough stretch
- Goals are set too tough
- Goals are difficult to calibrate
- Goals do not change as performance improves
- Measures do not change as business directions evolve
- Some measure(s) are no longer relevant
- Method of measurement needs improvement—e.g., too cumbersome, isn't the most effective way to measure
- Other. What other?

8 | What are the major strengths of your organization's goal-setting process?

- Employee involvement in goal-setting
- Cascading goals
- Employee understanding, acceptance and engagement about goals
- Measures and goals are reviewed and changed to match business directions
- Goals set with the appropriate amount of stretch
- Goals are interrelated or integrated as appropriate—balance of team and individual goals
- Goals are communicated broadly so people know what others need to accomplish
- Other. What other?

9 | What are the major strengths of your organization's linkage between pay and performance on metrics?

- The results/reward relationship is about right—the size of reward fits the goal achievement
- Outstanding performance is appropriately rewarded
- Awards are appropriately not given for low performance
- Threshold level is set appropriately to reward acceptable, close to but below target, performance
- Other. What other?

10 | What are the major challenges of linking pay to performance on metrics?

11 | What are your organization's lessons learned from developing and using measures and goals to reward performance?

12 | What has been particularly effective in communicating measures and goals for employee understanding, acceptance and engagement?

Customer service satisfaction is measured by understanding how your customers interact with your brand and collecting their feedback through surveys using different channels. You can use satisfaction metrics such as NPS (Net Promoter Score), CSAT (Customer Satisfaction Score), or CES (Customer Effort Score) to know about how your customers feel.Â By understanding the customer experience and measuring feedback across all touchpoints, you can increase your CLTV. Improve branding â€“ 92% of people trust recommendations from friends and family over any other type of advertising. Happy customers turn out to be your best brand advocates and share their positive experiences with a positive word of mouth that enhances your branding. The tools or methods to measure customer satisfaction needs to be defined sophisticatedly to fulfill the desired norms. Main methods to measure customer satisfaction are discussed in the article.Â There are following methods to measure customer satisfaction: Direct Methods: Directly contacting customers and getting their valuable feedback is very important. Following are some of the ways by which customers could be directly tabbed: Getting customer feedback through third party agencies. Satisfaction is typically measured with self-reported retrospective evaluations of previous experience. At the same time, the memory-based approaches have numerous limitations related to social desirability, availability heuristics, previous knowledge, mood at the time of answering questions and do not reflect the moment-by-moment nature of customer experience. These limitations can be eliminated by introducing instant components of experienced utility as measures of customer experience.Â so for example a dependent variable (customer satisfaction as the independent variable) which is known to be a very reliable and very valid outcome of customer satisfaction. Cite. 2 Recommendations.