[white paper]

Using Linkage Research to Drive High Performance: A Case Study in Organizational Development

By Jack W. Wiley, Ph.D., Kenexa® Research Institute, and Bruce Campbell

Previously published in "Getting Action from Organizational Surveys: New Concepts, Technologies and Applications" Allen Kraut, editor.

Linking employee and customer survey results burst onto the landscape of organizational science approximately twenty-five years ago. The seminal work of Benjamin Schneider and his colleagues (Schneider, Parkington & Buxton, 1980; Schneider & Bowen, 1985) demonstrated that employee views of customer service policies and practices were significantly and positively correlated with measures of external customer satisfaction. Jack Wiley and Walter Tornow (Wiley, 1991; Tornow & Wiley, 1991) were the first to extend this original employee-customer concurrent research design to incorporate also measures of business performance. Several other studies by a variety of different authors were then presented or published. In the first-ever literature review of this topic Wiley (Wiley, 1996) labeled this emerging body of research as linkage research. The following definition and purpose were provided: "Linkage research involves integrating and correlating data collected from employees with data in other key organizational databases. The purpose of linkage research is to identify those elements of the work environment—as described by employees—that correlate or link, to critically important organizational outcomes such as customer satisfaction and business performance," (p. 330).

Figure 1: The High Performance Model

This seminal review produced the Linkage Research Model. This model, since re-titled the High Performance Model (see Figure 1), integrated all previously published linkage research findings to produce an understanding more comprehensive than could be provided by the results of any single study. The model suggests that the more visible and present certain organizational values and leadership practices are in a given work environment, the more energized and productive the workforce. In turn, the more energized and productive the workforce, the greater the satisfaction and loyalty of customers and, with a time lag, the stronger the long-term business performance of the organization.

A second major literature review (Wiley & Brooks, 2000) summarized newly-published studies, many of which were longitudinal in nature and thus, allowed the migration from merely correlational findings to a more fruitful understanding of causation in the employee-customer-business performance linkage. These new studies not only demonstrated general consistency with original linkage research conclusions, but also helped produce a taxonomy of the high performance organizational climate. This taxonomy (see page 2) describes with greater clarity how higher performing units differ from units within the same organization that produce lower levels of customer satisfaction and business performance.

Characteristics of High-Performance Organizations: The Employee Perspective

Leadership Practices

Customer Orientation

- Employees see a strong emphasis on customer service and, in fact, believe their organization does a good job of satisfying customers.
- Customer needs are attended to quickly, whether in initial delivery of products and services or in the resolution of problems.

Quality Emphasis

- Senior management is committed to quality and demonstrates this priority in day-to-day decisions. These values are effectively translated and implemented by lower-level managers.
- Employees can see that quality is a priority over cost containment and especially over meeting deadlines.
- Employees believe their work groups do quality work as judged by clear quality standards, and are able to improve continuously.

Employee Training

- Employees have written development plans to help them take advantage of formal and informal skill-improvement opportunities within the company.
- Whether on-the-job or formal, employees believe they have the training to perform their current jobs well. This can include training on products and services or explicitly on customer service.
- New employees are oriented and able to come up to speed quickly, without undue burden on existing staff.

Involvement/Empowerment

- Employees have the authority and support they need to serve their customers.
- Employees are encouraged to participate in decisions affecting their work and, perhaps more importantly, to innovate.
- Management solicits and uses opinions of employees in such a way that employees can see the connection.

Employee Results

Information/Knowledge

- Management creates and communicates a compelling vision and direction for the company.
- Employees understand their role in the organization—how their goals fit into overall company objectives.
- Employees report having enough information to do their jobs, including company information, advance warning of changes and information from other departments.

Teamwork/Cooperation

- Employees both within and across departments cooperate to serve customers and to get the work done.
- This teamwork is actively supported by management.
- Workload is managed effectively within a given work group—the load is divided fairly, and short staffing is not a significant barrier.

Overall Satisfaction

- Employees derive intrinsic satisfaction from their work and see a good match among their jobs, interests and skills and abilities.
- Employees are satisfied with and proud of their organization.
- There is confidence in the company's ability to succeed, leading to long-term stability for the employee.

Employee Retention

- Employees value their relationship with the organization and have no short-term interest in leaving.
- Longer-tenured employees are more efficient and create more value for the organization and its customers.

The purpose of this chapter is not to update or more fully explain past linkage research. Rather, consistent with the overall intent and purpose of this book, this chapter aims to demonstrate how linkage research can inform and drive organizational development efforts to produce higher levels of organizational performance. What follows is an illustrative study that integrates employee, customer and business performance measures and demonstrates how linkage research can provide the framework for discovering best practices. The best practices then can be deployed throughout the organization to elevate the performance of the overall system.

Case Study Phase I: Starting with Linkage Research

The study setting was a large automotive credit branch system in North America (for our purposes here, we will call the company "Credit Company"). The leadership team of this organization was convinced that their overall system performance could, and needed to be, improved. They also believed intuitively in the employee-customer-business performance linkage. However, despite possessing these various databases, no effort had been extended toward their integration. We worked with this leadership team to examine these linkages and to provide recommendations for enhancing system performance.

The stated objectives of this initiative were to:

- Identify the relationships that exist on a branch basis between management practices, employee opinions, dealer satisfaction and key operating measures.
- Determine the key cultural/work environment drivers of dealer satisfaction and branch operating performance
- Identify and recommend action planning and organizational development efforts aimed at driving higher branch-level dealer satisfaction and operating performance results

All three databases to be integrated—employee survey, customer survey and business performance—previously existed. They were part of an overarching measurement system whose purpose was to track the organization's operational success against its core beliefs and values. We were not involved in designing or administering the questionnaires that had been used to collect the employee survey data or the customer satisfaction data. Our role was that of integrating these databases, analyzing and illuminating their interrelationships and using the linkage research results as a framework for organizational development initiatives.

It is important to acknowledge the timing of the three measurements. Both the employee and customer surveys were administered simultaneously in June, which coincided with the last month of the organization's second quarter reporting period. As a result, we decided to use business performance measures drawn from this same time period. This provided us with concurrent measures for all three databases. Indeed, the High Performance Model suggests stronger relationships will emerge when there is a time lag between employee and customer data and business performance measures. However, as we will discuss later, the leadership team was eager to move forward quickly, unwilling to delay the linkage research study to incorporate business performance measures that would not be available until year-end.

Employee Survey

The design of the employee survey had been guided by the objectives of 1) assessing the organization's culture—with special emphasis on practices that support the delivery of outstanding customer service—and 2) providing an internal evaluation of a recently installed customer service initiative. The corporate human resources research function of this organization's parent company had developed and administered the survey. Across the system of 85 branches, 2,016 employees completed the survey. Based on factor analysis and internal consistency analysis we performed, we determined that the 84 items contained in the employee survey reliably measured 20 dimensions. We categorized the dimensions into the following two major clusters:

Customer Service/Quality

- Customer Service/Satisfaction
- External Customer Feedback
- Internal Customer Feedback
- Senior Management Quality Emphasis
- Supervisor Quality Emphasis
- Work Group Quality Commitment
- Resources for Quality/Service
- Recognition for Quality/Service
- Use of Measurements
- Best-in-Class Emphasis

Employee Relations

- Senior Management
- Supervisor
- Goal Awareness
- Job Satisfaction
- Company Satisfaction
- Co-Worker Relations
- Interpersonal Climate
- Training
- Career Development/Advancement
- Survey Utilization

Customer Survey

The branches provided automotive credit directly to auto dealerships and to their retail customers. In order to assess how the financing needs of the dealers were being met, and to monitor the success of the quality service initiative, the leadership team authorized a branch-level dealer satisfaction survey that was designed and administered by another outside firm. The key measure available from this survey, upon which we focused our analyses, was the Dealer Satisfaction Index (DSI) score.

According to the agency that collected the customer satisfaction data, the DSI composite score contained the most potent and reliable predictors of overall dealer satisfaction. The DSI scores were used as a critical ingredient in the branch manager reward system. DSI scores from 2,390 completed surveys across the 85 branches were available for inclusion in our analysis.

Business Performance

A wide array of business performance measures was available. Interviews were conducted with selected branch managers to better understand the performance measures, and to solicit their opinions regarding which of these measures provided the best reflection of branch performance and were most under the control of branch personnel.

After discussion with Credit Company executives and other internal subject matter experts, we decided to focus on four key measures:

Wholesale Market Share

More technically known as Field Stock Penetration, Wholesale Market Share is a measure of the percentage of all new vehicles on dealers' lots within the geographic market of the branch for which the Credit Company has provided wholesale financing.

Retail Market Share

More technically known as Retail Volume Penetration, Retail Market Share is a measure of the percentage of the dealer's new vehicles that are financed or leased by end customers through the Credit Company.

Loss to Liquidation

Technically, Loss to Liquidation is the ratio of dollar losses to dollar liquidizations. A loss occurs, for example, when a repossessed vehicle is sold for less than the balance due on the loan. This ratio, in effect, measures the quality of the credit analyses in determining to whom retail credit should be extended. The lower the ratio, the better the credit decisions.

Productivity

Productivity is a ratio of the number of open retail accounts divided by the number of full-time equivalent employees per branch. The higher the number, the busier the branch.

Figure 2: Employee-Customer Business Performance Linkages

Employee Survey (Mean/S.D.)	Dealer Satisfaction Index (838.3/47.4)	Wholesale Market Share (80.0/18.2)	Retail Market Share (22.8/8.0)	Loss to Liquidation (.95/.46)	Productivity (1249.7/212.5)
Customer Service/Quality Themes					
Customer Service/Satisfaction (3.65/.30)	.31		.20		
External Customer Feedback (3.79/.25)	.27			-.19	-.21
Internal Customer Feedback (3.59/.29)	.22			-.19	-.27
Senior Management Quality Emphasis (3.56/.39)					
Supervisor Quality Emphasis (3.55/.35)		-.19		-.21	-.20
Work Group Quality Commitment (3.44/.39)	.26			-.26	-.25
Resources for Quality/Service (3.16/.41)					
Recognition for Quality/Service (3.02/.46)	.20				-.26
Use of Measurements (3.16/.33)	.30				
Best in Class Emphasis (2.95/.40)	.21				-.23
Employee Relations Themes					
Senior Management (3.36/.44)					
Supervisor (3.35/.33)					
Goal Awareness (3.64/.31)					-.25
Job Satisfaction (3.66/.26)	.21				-.31
Company Satisfaction (3.66/.32)					-.29
Co-Worker Relations (3.79/.31)	.26				-.22
Interpersonal Climate (3.55/.35)	.19				
Training (3.18/.35)	.30				-.33
Career Development/Advancement (2.44/.34)		-.22			
Survey Utilization (3.29/.36)					
Dealership Satisfaction Index		**.31**	**.28**		

Note: Means computed on basis of branch averages. Correlation coefficients presented only when they achieve statistical significance. Correlations >.19 significant at p <.05; correlations >.25 significant at p <.01, two-tailed significance test.

Linkage Research Results
The correlational analyses show significant and consistent linkages between employee survey ratings and dealer satisfaction and between employee survey ratings and measures of business performance. However, these relationships are not always in the expected direction.

Employee Survey Linkages: Dimension-Level
The means and standard deviations of the employee survey dimensions, the DSI and the business performance measures are presented in Figure 2.

Correlations between the employee survey dimensions and the DSI show a generally strong positive relationship. Of the 20 possible correlations, all are positive and 11 are statistically significant. Consistent with the High Performance Model, the pattern of positive correlations to the DSI is generally stronger for the set of Customer Service/Quality dimensions than for the Employee Relations dimensions. The employee survey dimensions emerging as the strongest predictors include Customer Service Satisfaction, Use of Measurements, Training, External Customer Feedback, Work Group Quality Commitment and Co-Worker Relations. Employee survey dimensions that achieve more moderately positive, though still significant, correlations with the DSI are Internal Customer Feedback, Best in Class Emphasis, Job Satisfaction, Recognition for Quality/Service and Interpersonal Climate.

In general, the employee survey dimensions do not correlate as strongly with the business performance measures as they do with the DSI. The Wholesale Market Share and the Retail Market Share measures show relatively little evidence of relationship to the employee survey dimensions. Both the Loss to Liquidation measure and the Productivity measure, by contrast, are significantly related to a number of the employee survey dimensions, but these correlations are consistently negative in sign.

For Loss to Liquidation, negative correlation coefficients would be expected, since, as noted above, lower scores on Loss to Liquidation reflect better credit decisions and thus better branch performance. The significant employee survey predictors of Loss to Liquidation are Work Group Quality Commitment, Supervisory Quality Emphasis, External Customer Feedback and Internal Customer Feedback. Interestingly and quite understandably, the two employee survey dimensions most strongly correlated with the quality of a branch's credit decisions (as reflected in its Loss to Liquidation score)—Work Group Quality Commitment and Supervisor Quality Emphasis—measure the local branch's emphasis on quality from both the supervisory and peer group perspectives. The other two significant correlates—External Customer Feedback and Internal Customer Feedback—highlight the extent to which branches that make higher quality credit decisions see themselves as listening to and acting upon customer feedback, whether the feedback comes from internal or external customers of their services.

Eleven culture survey dimensions correlate significantly with the Productivity ratio. These correlation coefficients are also always negative in sign. In other words, the Productivity ratio tends to be higher in branches where employees describe the work environment in consistently less favorable terms. In fact, the dimensions with the strongest inverse relationship to the Productivity ratio are Training, Job Satisfaction and Company Satisfaction; i.e., measures that are central to the basic employee-employer relationship.

This pattern of findings was not only surprising to us, but also perplexing in light of past research. However, the inverse relationship between employee satisfaction and the Productivity ratio came as no surprise to the Credit Company executives with whom we were working. Rather, this finding confirmed a strong belief they held; namely, that the formula for headcount addition was too stringent. Justification for branch level headcount additions required branches to demonstrate—over a sustained period of time—that they were averaging more than 1,250 open accounts per employee. Only when this criterion was met, would requests for additional headcount be approved. Our clients at the Credit Company felt this approach put too much emphasis on cost containment and was counter to the recently installed strategy of providing superior customer service as a means of achieving long-term success. They believed that increasing productivity levels was valuable, up to a point, but that beyond that point it became destructive to the work environment.

The results lend support to that interpretation. The highest productivity branches were the leanest staffed. As that condition prevailed, overtime hours and stress levels increased. This eventually resulted in employee dissatisfaction as well as frustration with this perceived barrier to successfully implementing the initiative aimed at delivering improved customer service.

Employee Survey and DSI Linkages:
Special Item-Level Analysis
As a starting point, dimension-level correlations can be very informative, particularly if dimensions are built in a psychometrically sound manner and properly titled. However, in-depth analysis at the item level can significantly enhance the understanding of dimension-level dynamics.

Figure 3 lists the items contained within the employee survey that produce the strongest positive correlations with the overall measure of dealer satisfaction. This more detailed analysis reveals that branches achieving higher levels of customer (i.e., dealer) satisfaction are those where employees are more likely to:

- Believe that dealers are satisfied, and that their concerns/issues get resolved quickly
- Receive enough training to improve their job performance and to be effective team members
- Receive adequate feedback from customers and use the feedback to improve quality
- Report good cooperation among co-workers to get the job done
- Believe their work group is committed to and produces high quality work and that individuals are recognized for serving customers well
- Indicate that plans have been established and are followed to continuously improve—to achieve "best-in-class"

Figure 3: Strongest Predictor Items of Dealer Satisfaction

Employee Survey Theme	Item	Correlation to DSI
Customer Service/ Satisfaction	Overall, our dealers are satisfied with our products and services.	.44
Recognition for Quality/Service	Where I work, individuals are recognized for serving their customers well.	.38
Customer Service/ Satisfaction	Where I work, dealers' concerns/ issues get resolved quickly.	.32
External Customer Feedback	My work group receives adequate feedback from external customers.	.29
Training	I receive enough training to help me continually improve my job performance.	.29
Training	I have received the training I need to be an effective team member.	.29
External Customer Feedback	My work group uses feedback from our external customers to improve the quality of our work.	.27
Best in Class Emphasis	My work group is following plans to become the "best in class" at what we do.	.26
Work Group Quality Commitment	How would you rate the overall quality of work done in your group?	.26
Co-Worker Relations	The people I work with cooperate to get the job done.	.26

Note: Correlations presented are significant at p<.01, one-tailed significance test.

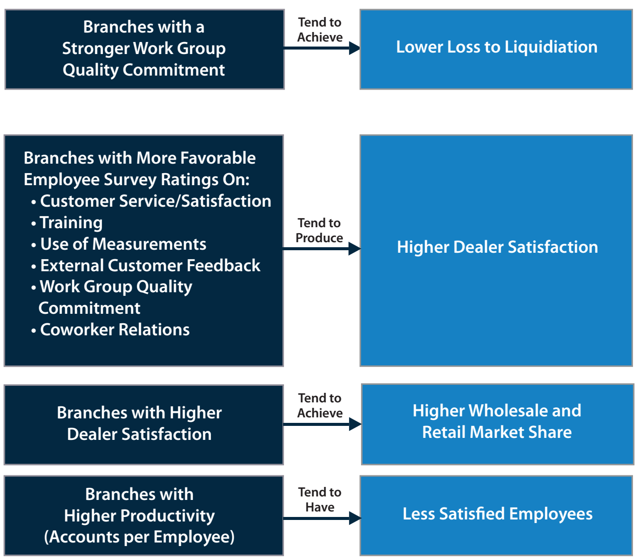
Dealer Satisfaction, Business Performance Linkage

The correlations for the remaining linkage—dealer satisfaction and business performance—also are presented in Table 2. Of the four business performance measures, the DSI reliably and significantly predicts two: Wholesale Market Share and Retail Market Share. That higher branch-level DSI scores are related to higher Wholesale and Retail Market Share is totally consistent with expectations. These results confirm that those dealers who are more satisfied with the products and services provided by the branch do, in fact, finance a higher percentage of their wholesale purchases through the branch and also have a higher percentage of end customers who finance their vehicles through the Credit Company.

Linkage Research Summary Conclusions

The results of the linkage research study were presented to the Credit Company leadership team (see Figure 4). While the results produced considerable discussion, they were accepted as an accurate reflection of the employee-customer-business performance cycle for this organization. In simple terms, the findings indicate that the quality of business decisions and the satisfaction of customers are higher in branches where employees have more favorable opinions of key aspects of their work environment. In turn, branches that produce more satisfied customers also achieve greater wholesale and retail market penetration.

Figure 4: Employee-Customer-Business Performance Linkage Research Summary



However, the branches considered most productive, in terms of number of open accounts per employee, are branches where employees are most disgruntled. Employees in these branches see management as sending conflicting messages about what matters most. In particular, the messages they see as conflicting have to do with the value placed on cost containment (e.g., restricting headcount) versus service quality (i.e., improving dealer satisfaction and thus gaining increased market share). Interestingly, the concise manner in which the results were summarized in Figure 2 aided the acceptance of the main conclusions from the linkage research. With the results fully accepted by the leadership team, the next step involved converting this understanding to actions that branch managers could take to improve overall branch-level performance.

Case Study Phase II: From Linkage Research to Best Practices

The initial phase of this research demonstrated meaningful linkages within the employee-customer-business performance cycle. The goal of the second phase was to identify specific management practices that drive the desired branch outcomes We proposed a series of site visits to high and low performing branches as a qualitative data gathering technique for identifying "best practices." The Credit Company leadership team accepted our proposal.

The Branch Ranking and Interviewing Processes

To identify high and low performing branches, we ranked all branches on three sets of measures: 1)the employee survey dimensions most predictive of dealer satisfaction and business performance, 2) DSI scores, and 3) the four business performance measures. Although very few branches were uniformly high or low across all measures, we were able to identify four branches clearly considered high performing and six branches considered relatively low performing overall. An eleventh branch also was included for a site visit, because it had mixed results—very high dealer satisfaction, but very low scores on the employee survey predictors.

Two researchers visited each of these branches. In addition to interviews with branch managers, we conducted between two and five small group interviews (depending on the size of the branch). This allowed us to collect data from each employee level and job function in the branch. We conducted a total of 37 group interviews, involving more than 125 employees throughout the 11 branches. The group interviews typically lasted 90 to 120 minutes.

In each interview, we sought to uncover underlying causes of the linkages among employee opinions, dealer satisfaction and operational performance that we had discovered and documented during Phase 1. We posed a series of questions designed to identify practices that might drive high versus low scores on each of the employee survey predictors of dealer satisfaction. We also asked questions designed to explore management and employee beliefs about contributors to dealer satisfaction and business performance. Finally, we asked specifically for ideas about what can or should be done to improve the work environment, dealer satisfaction and business performance. Sample interview questions are presented below. It is extremely important to note that branch personnel were not aware that their branches were—for the purposes of this initiative—labeled as a high, mixed or low performing branch.

Sample Branch Personnel Interview Questions

Customer Service/Satisfaction

- What are the biggest obstacles or barriers to providing truly excellent service to dealers? To customers?
- What one or two changes would do the most to increase the satisfaction of your branch's dealers?

Training

- How do you feel about the adequacy of training at your branch?
- To what extent are employees fully cross-trained to do other jobs?

Co-Worker Relations/Interpersonal Climate

- How would you describe the level of teamwork and cooperation among people in the branch?
- In what specific ways, if any, does your Branch Manager affect the amount of teamwork in the branch?

Work Group Quality Commitment

- How much commitment to doing quality work exists among your co-workers?
- What are the biggest obstacles to doing quality work at your branch?

Use of Measurements

- To what extent does your Branch Manager emphasize the use of measurements or statistics to monitor how well the branch is doing?
- Does your Branch Manager regularly share measurements about branch performance with employees? If so, how is this done?

Customer Feedback

- What, if anything, is your branch doing to actively solicit feedback on branch performance from dealers?
- What would help your branch to do a better job of responding effectively to feedback from dealers?

Overall Employee Satisfaction

- How would you describe the overall level of employee satisfaction and morale at your branch?
- What are some things that have a positive/negative impact on employee satisfaction or morale at your branch?

Dealership Satisfaction

- Why do you think your branch ranked where it did on the most recent DSI measurement?
- What, if anything, is your branch doing to try to increase dealer satisfaction and raise your DSI score?

Workload/Resources

- How do you feel about the adequacy of staffing at your branch?
- What additional resources would most help you to handle your own workload effectively?

Business Performance

- What specific strategies or practices does your branch use to try to increase retail volume penetration? Field stock penetration?
- What changes or improvements do you think it would take to significantly increase your branch's retail volume penetration? Field stock penetration?

Practices Separating High from Low Performing Branches
By comparing and contrasting the information we obtained from the 11 branches, we were able to identify 14 different factors that contribute to highly effective branch performance. These "best practices" in some cases have to do with very specific, tangible behaviors the branch management team displays, or specific standards or expectations they have successfully established. In other cases, the best practices appear to have more to do with personal characteristics or personality attributes of the management team members, or with the group dynamics they have been able to establish and maintain. In all cases, however, the best practices appear to originate in the values and leadership style of the branch managers themselves, and to be supported and reinforced by other management team members.

These practices can be clustered into three major categories: Employee Communication, Orientation toward Employees and Dealer Orientation.

Employee Communication Best Practices

Understanding the "Big Picture"
The management teams of branches that exemplify this best practice characteristically believe that it is important for all employees to have a clear understanding of branch operations as a whole, and to know how their specific jobs relate to and affect the work of the other job functions, and ultimately to the success of the branch. Moreover, these management teams apparently have worked hard to impart a clear understanding of this "big picture" to every employee.

Employees in branches lacking this best practice often commented on a feeling of being "isolated" in their own narrow job function. These employees are likely to describe the branch as having two distinct "sides," and to admit that they have little knowledge or understanding of what happens "on the other side." They also typically feel that their personal efforts and contributions are unnoticed or unappreciated by those outside their own job function.

Clarity of Branch Goals/Service Standards
Managers in some branches do a much better job of setting clear goals and service standards, and of obtaining employee buy-in and support. Employees in branches characterized by this best practice typically know the goals their branch is striving to achieve, and they understand how specific service standards (e.g., "no credit application sits on the fax for more than one minute") will contribute to the accomplishment of those goals.

Employees in other branches often indicated a lack of clear goals for the branch as a whole, and lack of uniformity or consistency in service standards. Frequently, it appeared that whatever goals or standards they were aware of had been given to them from "on high," without much if any explanation or rationale. Consequently, employees often viewed the goals/standards as being unreasonable or unattainable, and they showed little evidence of personal buy-in.

Sharing of Measurements/Branch Awareness of Results
Employees in some branches appear to be much better informed about specific branch results than their peers in other branches. The Credit Company routinely measures and reports a vast array of branch performance statistics. What differentiates branches characterized by this best practice from others is that branch management has found ways to distill from this mass of complex and detailed reports the critical numbers that truly provide meaningful feedback. These managers also have educated their employees about the meaning and significance of these performance indicators.

Managers in other branches receive the same types of reports, but evidently make relatively little effort to share the information with employees, or to create an understanding of the most critical numbers and their significance. In some cases, employees indicated that the raw reports are routed, and that employees are required to initial the reports. This, however, does little good, as these employees appear to have only a limited understanding of the most critical indicators and what they really mean.

Positive, "Can-Do" Attitude

Managers who exemplify this best practice characteristically have a positive, "can-do" attitude that some employees describe as "infectious." They appear to be enthusiastic about their own work, the branch and the company as a whole, and to be confident about their own abilities and the abilities of their employees. They apparently make a conscious effort to "leave a bad mood at the door," and to display a positive, upbeat attitude even in adverse circumstances. These managers appear to have the ability to use humor effectively to "lighten up" tense or stressful situations. Perhaps most importantly, their positive outlook, eagerness to tackle challenges and confidence in the branch's success influences their employees, who appear to be much more energized, optimistic and goal-directed than their peers in other branches.

Orientation Toward Employees Best Practices

A second group of best practices had to do with branch management's orientation toward employees. This included their emphasis on cross-training, their ability to foster teamwork and to empower employees and their attention to employees as individuals and to the interpersonal climate at work.

Extent/Effectiveness of Cross-Training

Among all the best practices we were able to identify, perhaps the one that stood out most clearly was the extensiveness and effectiveness of cross-training that some branches have managed to attain. In branches exemplifying this best practice, it is common for employees to have attained true proficiency in doing two or three different job functions. No individual job function hinges on the presence or absence of any one person (or often, even any two people) for its successful completion.

In branches lacking this best practice, by contrast, employees often describe the level of cross-training as "inadequate," "lacking" or even "nonexistent." Although both management and non-management employees in these branches typically appear to recognize the advantages that effective cross-training would bring, they simply haven't been able to make it happen. Lack of time is almost unanimously given as the reason.

Teamwork/Cooperation

Branches where this best practice is evident have an exceptionally strong spirit of teamwork and cooperation. Both management and non-management employees say the entire branch truly pulls together as a team, and in some ways resembles a "big, happy family" more than a simple collection of co-workers. Employees describe their co-workers as being more than willing to spontaneously pitch in and help one another whenever the need arises. This occurs despite the lack of corporate-sponsored team reward policies.

Branches where this best practice is absent, by contrast, are often described as having a level of teamwork that is only "generally good," or "okay for the most part." These employees are likely to indicate that there are "a few people" who don't want to help out or to be team players, or that teamwork within their own function is good, but is lacking across functions. Complaints about uneven distribution of work across areas appear to be common.

Empowering Management Style

Employees typically describe managers who exhibit this best practice as having a participative, empowering management style. These managers appear to truly believe that their employees are intelligent, responsible, trustworthy people who might often have better ideas than they themselves have, and who can be counted on to "do the right thing" if they are given sufficient guidance and understanding of goals and objectives.

Managers who do not exemplify this best practice, on the other hand, appear to have much more of a "command and control" style of management. They appear to have an "I know best" attitude, tend to make decisions independently, and give orders or instructions they expect to be carried out, often without providing any explanation or rationale.

Caring About Employees

Employees in branches where this best practice is evident feel their managers truly care about them as individuals, and are concerned about their well-being. They described their managers as being friendly and approachable, and as willing to take the time to get to know them personally. These employees feel valued, and described their managers as showing recognition for their accomplishments and appreciation for their efforts.

Employees in branches lacking this best practice, by contrast, are much more likely to have the impression that their managers are unconcerned about them as individuals. Their managers apparently make much less effort to get to know employees or to be friendly towards them. These managers tend to be seen as aloof and unapproachable. They are likely to be described as giving negative feedback liberally, but as rarely saying thank you or showing genuine appreciation.

Attention to Interpersonal Climate

Managers who exemplify this best practice appear to be far more attentive to the overall interpersonal climate in the branch than managers at other branches. They appear to actively "keep an ear to the ground" to monitor how well people are getting along, and do not allow interpersonal clashes or frictions to fester and grow. Managers in branches lacking this best practice, by contrast, seem much less in tune with and less skillful at managing the interpersonal atmosphere at work.

Branch Management "Pitches In"
Managers who illustrate this best practice are both willing and able to "roll up their sleeves" and "pitch-in" to help accomplish whatever kind of task needs to be done to keep the branch's performance on track. Typically, these managers were described as being integrally involved in all aspects of branch operations, and as knowing how to actually do virtually any task.

Managers who fail to demonstrate this best practice, by contrast, were more likely to be described as being uninvolved in day-to-day operations. These managers were often described as not knowing how to do many branch tasks, or even as not understanding the work of certain functions. They clearly do not see it as part of their job to "pitch in" and help with mundane tasks, and are likely to be seen by employees as having a "that's beneath me" type of attitude.

Willingness to "Bend the Rules"
According to their own reports, as well as those of their employees, managers who illustrate this best practice seem much more willing to "bend the rules," to "make waves" with higher management and to "stand up" for their branch and their employees. These managers appear to have a strong, clear sense of what is best for their branch and for their employees, and are willing to "buck the system" to make things happen that they believe are in the best interests of their branch and will contribute to their branch's success. Managers who fail to demonstrate this best practice, by contrast, are much more likely to be described as "going by the book" and as unquestioningly conforming to and implementing the instructions and wishes of their superiors.

Dealer Orientation Best Practices

"Dealers Come First" Attitude
At some branches, it became apparent within just the first few minutes that branch employees have truly internalized the attitude that "the dealer comes first." Their comments typically indicated a clear understanding that the success of their branch, and ultimately their own job security, depend directly on their ability to serve their dealers responsively and to satisfy their dealers' needs. They described their branches as being truly committed to "go the extra mile" and to do "whatever it takes" to keep their dealers happy.

In branches lacking this best practice, by contrast, this type of attitude, if expressed at all, typically came across as less genuine and enthusiastic. It was not unusual for employees in these branches to describe their dealers as being "unreasonable," "overly demanding," "disloyal" or even as "big babies."

Branch Manager's Accessibility to Dealers
Other managers might actually spend more time visiting dealers than do managers who exemplify this best practice. Those who employ this best practice, on the other hand, appear to make themselves far more accessible to dealers by phone, fax, etc., on an "as-needed" basis. They appear to place a greater priority on personal responsiveness to dealer needs than do other branch managers.

Managers who do not employ this best practice seem likely to have a set of "preferred" dealers with whom they are willing to interact directly, and another set of dealers to whom they are reluctant to devote much time or energy. Managers who illustrate this best practice, by contrast, seem to make a conscious effort to make themselves equally accessible to all dealers, and not to "give up" on even those dealers with whom it is difficult to do business.

Telephone Answering Standards
The last best practice is a very specific but important one. Some branches appear to have much higher standards for answering phones than do other branches. Perhaps more importantly, employees in branches characterized by this best practice appear to truly believe in the importance of maintaining their phone answering standards, and they work very hard at doing so.

Branches characterized by this best practice generally have a very explicit standard regarding the answering of incoming calls (e.g., calls will be answered by a human being on or before the third ring). They also have procedures or practices in place, and a level of employee buy-in and support for these procedures, that allow them to meet their standards most of the time. Their employees understand that responsiveness to the phone is a critical success factor, and they display true teamwork by willingly providing phone coverage and picking up each other's phones.

Branches lacking this best practice, by contrast, have at least some employees who look upon providing phone coverage as a nuisance, and upon incoming calls as annoying interruptions that prevent them from getting their "real" work done. Our casual observations suggest that it is not uncommon for phones to be allowed to "ring off the hook" (in some instances, up to 13 rings before being answered based on our own observations) in branches where this best practice is not employed.

Additional Observations Regarding Best Practices Branches
Beside the 14 practices described above, there were two additional ways in which branches that exemplify all or most of these best practices appeared to differ fundamentally from branches that do not. These seem to be essentially outcomes of the types of best practices described above, rather than specific practices or behaviors per se.

Alignment of Management and Employee Perceptions
In branches where most or all of the best practices prevail, the viewpoints expressed by management were highly similar to and aligned with the comments we heard from non-management employees. In fact, in these branches, the consistency between what management had to say and what their employees had to say was quite remarkable. This was not generally true of branches where few of the best practices prevail. In these branches, management often expressed much more favorable assessments of teamwork, morale and employee participation than did their employees.

Employee Motivation and Morale
Managers who enact a majority of the best practices described above typically have employees who display a much higher level of energy, positive motivation, esprit de corps and morale than do their peers in other branches. One could almost literally see and feel the difference by observing the behavior of branch employees for even a short time. Also, the differences in what employees told us about motivation and morale in branches that are characterized by a majority of the best practices, versus branches that are lacking these practices, clearly supported our direct observations.

Case Study Phase III: Deploying Best practices to Drive High Performance

We chose to provide a detailed description here of the best practices in order to convey the depth and richness of the qualitative data that emerged from the interviews. In fact, it was this detailed description and the real-life examples of branch life that helped convince the Credit Company leadership team that the results were indeed valid, and truly descriptive of what separated high performing from low performing branches.

Given the leadership team's acceptance of the catalog of best practices, they were open to our recommendations for action plans. They are summarized briefly here.

Action Recommendations
We recommended a number of actions the leadership team should take to specifically address:

- Communicating the Credit Company's big picture to branch level personnel
- Reducing staffing shortages, both chronic and acute
- Providing needed training at the branch level
- Streamlining and increasing the relevance and understanding of operational reports
- Increasing employee recognition and appreciation
- Empowering branch managers by relaxing tight centralized controls

While the above were offered as tangible, data-responsive techniques for improving branch performance, it was clearly recognized that most of the identified best practices arose from the personalities, attitudes and personal value systems of the managers themselves. This led to a bundled set of recommendations that addressed branch manager selection, promotion, training, compensation and reward systems. It was these recommendations that were regarded as the most vital to lifting the performance of the overall branch system.

Process Recommendations
In addition to specific actions outlined above, we also provided recommendations regarding the process for using the best practices interview results. They included:

- Concept testing—Involve a representative set of branch managers in a review of the results, asking for reactions and ideas for how to best use the information to drive change
- Coaching—Provide more coaching to branch managers on how to use employee, customer and business performance results with branch employees to build responsive action plans
- Use quotes—In upcoming and ongoing communications with managers and branch personnel, liberally quote from the results to increase acceptance of new programs and initiatives and to demonstrate how they connect to real-life branch-level challenges and issues
- Parceling out responsibility—In a more general sense, recognize that because many of the issues raised are system issues it will be tempting for participants to think it is someone else's responsibility to take action; therefore, working through a process of parceling out responsibilities and assigning executive "champions" to oversee follow-through will be critical

Evaluations of Actions Taken
The initial reaction to the recommendations was very positive. Both internal subject matter experts and members of the leadership team could understand the logical flow from the integration of archival data, to the establishment of employee-customer-business performance linkages, to the cataloging of best practices that drive higher-level performance, and finally to a set of recommended action steps. As a result, these actions were implemented with the explicit expectation that doing so would raise overall system performance.

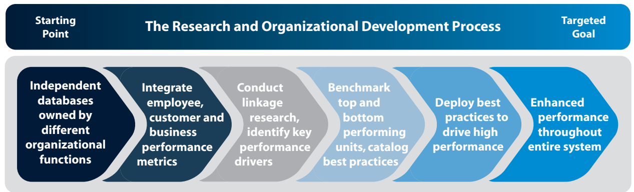
An obvious way of measuring the impact of the actions taken would be to monitor results of future employee and customer surveys and to track business performance metrics. Unfortunately, however, subsequent employee survey data and business performance data were collected internally by the Credit Company.

Customer (i.e., dealer) satisfaction data were collected by another provider. Given that the work of our consulting group was considered complete, we relied on internal subject matter experts to gauge the success of the actions taken. Through personal communications with our internal contacts, we learned that the organization was indeed making noteworthy progress toward their performance goals. The actions taken, along with the retooled customer service initiative, were seen as important contributors to their drive for continuous improvement and to the goal of becoming best in class.

Even so, we were disappointed that we were not involved in tracking and analyzing the critical metrics that would more closely calibrate the quality of our recommendations. As behavioral scientists, we naturally seek valid and reliable data before feeling confident in drawing conclusions about the success of our activities. As this case illustrates, executives by nature are often more willing to take a leap of faith and to forego the more rigorous data-based approach to making such judgments. When faced with the choice, as they were in this case, executives decided to expend their limited financial and human resources on implementing the decided upon actions as opposed to the further and more detailed evaluation of individual elements of the overall action plan. Compounding our difficulty of obtaining the data we desired were changes within the leadership team of the Credit Company. Our executive sponsor, who selected us to perform this work, moved on to another and more demanding assignment. In addition, there were changes in the personnel of the project team with which we interfaced. New team members were operating with a different set of priorities. Those priorities focused on taking action, and taking action with a sense of urgency.

The Overarching Model
The central dimension of this book is about getting action in response to organizational survey results. The central dimension of this chapter is about introducing a non-traditional model of organizational development that starts with survey results, but also incorporates both linkage research and best practices analysis as well. This model is presented in Figure 5.

Figure 5: Using Linkage Research to Drive High Performance



Linkage research is indeed a powerful framework for organizational development. It provides many advantages.

- Linkage research tells us about the nature of the inter-relationships among the employee, customer and business performance measures. It provides us with an understanding of the strength of those inter-relationships and, in the best examples of the technique, the directionality as well.
- Linkage research suggests which measures to track among the many often available. For example, some topics within a typical employee survey are simply and consistently more potent predictors of organizational success than others (Brooks, Wiley & Hause, 2006).
- Linkage research can serve to illustrate important and perhaps previously-hidden trade-offs. The case study reflects that point by highlighting the trade-off between cost containment (a productivity objective) and the service quality initiative (a strategy for increasing market share). Bringing this trade-off into the light forced policy changes that led to increased organizational effectiveness.
- Linkage research helps create a roadmap. By identifying the predictors of the desired outcomes, it focuses attention on those "soft" measures that, if improved, lead to higher performance on the more objective "hard" measures of business success.
- Finally, linkage research gives executives a focal point for communication to employees about survey results. It illustrates how the interests of all three critical stakeholders of profit-seeking organizations (i.e., employees, customers and financial stakeholders) are intertwined, and therefore why taking action on the results of a properly designed employee survey is a business matter, not just an employee happiness concern.

Adding the internal benchmarking step to the organizational development process is also very powerful. In this case study, internal benchmarking clearly identified local-level practices that supported and interfered with effective functioning. The cataloging of best practices also provides a solid framework for building both individual manager development plans and broader-scale organizational development initiatives.

There is a potential danger, however, with this technique. A quick review of the sample questions used in the internal benchmarking interviews is instructive. The best practices that emerged from the interview data—employee communication, orientation toward employees and dealer orientation—are indeed a reflection of what we asked about. This can lead to the erroneous conclusion that the fixes to the system are primarily human-resources-oriented, when in fact there can be no doubt that changes to other elements of the system (e.g., marketing, operations, information systems) also would lift overall organizational performance.

Even so, this approach to organizational development holds great promise. Simply linking employee survey results to outcome measures alone has added greatly to the perceived value of survey-feedback-based organizational development. Combining linkage research techniques with internal benchmarking processes and best practices analysis advances our understanding even further, while simultaneously increasing the potential impact of surveys to drive high performance. ■

References

Brooks, S. M., Wiley, J. W., & Hause E. L., (2006). Using employee and customer perspectives to improve organizational performance. In L. Fogli (Ed.), Customer Service Delivery. San Francisco: Jossey Bass.

Schneider, B. & Bowen, D. E. (1985). Employee and customer perceptions of service in banks: Replication and extension. Journal of Applied Psychology, 70, 423-433.

Schneider, B., Parkington, J. J., & Buxton, V. M. (1980). Employee and customer perceptions of service in banks. Administrative Science Quarterly, 25, 252-267.

Tornow, W.W. & Wiley, J.W. (1991). Service Quality and Management Practices: A Look at Employee Attitudes, Customer Satisfaction and Bottom-Line Consequences. Human Resource Planning, 14(2), 105-115

Wiley, J.W. (1991). Customer Satisfaction: A Supportive Work Environment and its Financial Costs. Human Resource Planning 14(2), 117-128.

Wiley, J. W. (1996). Linking survey results to customer satisfaction and business performance. In A. I. Kraut (Ed.), Organizational Surveys (pp. 330-359). San Francisco: Jossey-Bass Publishers.

Wiley, J. W. & Brooks, S. M. (2000). The high performance organizational climate: How workers describe top-performing units. In N. M. Ashkanasy, C. P. M. Wilderom, M. F. Peterson (Eds.), Organizational Culture & Climate (pp. 177-191). Thousand Oaks, CA: Sage Publications, Inc.

About Kenexa

Kenexa provides business solutions for human resources. We help global organizations multiply business success by identifying the best individuals for every job and fostering optimal work environments for every organization. For more than 20 years, Kenexa has studied human behavior and team dynamics in the workplace, and has developed the software solutions, business processes and expert consulting that help organizations impact positive business outcomes through HR. Kenexa is the only company that offers a comprehensive suite of unified products and services that support the entire employee lifecycle from pre-hire to exit.

Media Contact

Jennifer Meyer, Kenexa
1.800.391.9557
jennifer.meyer@kenexa.com