

HR Magazine

Keeping Employees in the Net

Short, simple surveys offer some measures of employee engagement and satisfaction.

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By Kathryn Tyler

Ask Katina Richmond, PHR, about the changes her employer has made since obtaining Employee Net Promoter System scores, and she rattles off a dozen examples from her action-item file.

“We had such great success using the metric to measure customer satisfaction that we wanted to see what results we would receive from the employee perspective,” says Richmond, vice president of HR and organizational development for Carolina Biological Supply in Burlington, N.C. The math and science education supply company, with 450 employees, has used Net Promoter System scores to measure customer satisfaction since 2006.

But by using the system to measure employee engagement, “We are able to categorize concerns by job category and by department. This allows us to narrow the focus and implement targeted solutions,” Richmond says.

Such surveys are one way of taking the pulse of an organization and making specific changes, HR experts say.

“It provides a forum for employees to anonymously share feedback, comments and concerns in a safe way,” Richmond says. “It doesn’t ask any ‘leading’ questions on a five-point rating scale as most traditional employee surveys do.”

And unlike some traditional employee engagement surveys that may have 30 percent to 40 percent response rates, Carolina Biological’s survey has an 80 percent response rate. “Our survey takes five minutes or less to complete,” she says, noting that employees don’t mind taking the time to do it.

Richmond explains why such feedback is critical: “You cannot have happy customers if your employees are not happy.”

The System

The Net Promoter System is a trademarked system developed by Fred Reichheld, a partner at management consultant Bain & Co. that is based on asking one question: “How likely would you be to recommend this company to a friend or family member?” Individuals answer on a 0 to 10 scale, with 10 being the highest score. Answers are then divided into three categories: Promoters (9-10), Passives (7-8) and Detractors (0-6). Subtract the percentage of Detractors from the percentage of Promoters, and the result is a company’s Net Promoter Score—a second term trademarked by Bain. Respondents are also asked for the reason behind the score

they gave. This open-ended format yields feedback organizational leaders can use to improve their scores.

“Four- and five-point scales fail to provide much differentiation. The 10-point scale causes more-careful selection,” says Richard Finnegan, chief executive of C-Suite Analytics, an employee engagement and retention firm in Longwood, Fla., and author of *Rethinking Retention in Good Times and Bad* (Nicholas Brearley Publishing, 2009).

Dozens of companies use Net Promoter System scores for customers—internal and external—but only a handful use them for employees by asking the question “How likely would you be to recommend working at this company to a friend or family member?”

While the question cannot be trademarked, the overall scoring system is, and most companies that use the question contract with licensed vendors. “Our goal with Net Promoter is not to create a closed proprietary system,” says Rob Markey, co-author with Fred Reichheld of *The Ultimate Question 2.0: How Net Promoter Companies Thrive in a Customer-Driven World* (Harvard Business Review Press, 2011). Markey says the system is licensed “to anyone who agrees to use it with the right rigor and standards. We benefit as a community from the innovation of all of the vendors.

“We first developed the Net Promoter System to provide feedback from customers to employees in a way that would accelerate learning,” Markey says. “The idea was to create a culture within a company in which employees could be self-correcting. We noticed correlations between employee satisfaction and engagement and what the teams were able to achieve with a customer. ... I can’t tell you one causes the other, but in every organization they correlate to some degree.”

The Logistics

While most employee Net Promoter surveys are based on the above basic question, many will look different based on the number of questions, the types of questions, the comments and the frequency of administration. A few characteristics are universal, however, including the need for anonymity, the requirement of not tying scores to pay or rewards, and the need to correlate customer Net Promoter System scores with employee Net Promoter System scores.

Number of questions. Employee Net Promoter surveys include the “would you recommend” question, the rationale for the score and demographics questions. Occasionally, companies add a few more questions. “For most purposes, a four- to eight-question survey suffices,” Markey advises. “Be clear with employees that there are only going to be a certain number of questions, and have lots of opportunities to provide comments in an open-ended form. Have a brief and easy survey, and deliver the results to the employees who can learn the most from it.”

Westpac Group, an Asian-Pacific banking corporation with 36,000 employees based in Sydney, Australia, does just that. “The number of questions can change from year to year depending on the organizational need,” explains Andrew Collett, head of employee advocacy for Westpac Group.

Markey’s advice: “Reduce the number of questions to the absolute minimum.”

Types of questions. FranklinCovey Co., a performance improvement company based in Salt Lake City, gives Net Promoter surveys to employees and clients. Sandy Rogers, managing director and loyalty practice leader, says that FranklinCovey asks employees:

“How likely would you be to recommend your company as a place to work?”

“How likely would you be to recommend your company as a place to buy X or do business?”

“How likely would you be to recommend your leader or manager as a person to work for?”

He adds that the last question “requires a high-trust environment, and we are experimenting with ways to ask it more frequently.”

HR professionals can determine what questions to use based on their surveys’ goals. While traditional employee surveys are “a terrific predictor of turnover,” they don’t “tell you what people are saying to customers and friends about your organization,” says Catherine Nelson, a consultant for FranklinCovey Co.

To get at that issue, the Westpac Group asks employees “How likely would you be to recommend your company as a place to buy X or do business?”

“Westpac Group has a customer-centric strategy aimed at building enduring customer relationships. To achieve this, we need to have employees who are passionate about our brands and willing to recommend them to family and friends,” Collett explains.

Feedback. “Don’t just focus on scores,” Nelson says. “The written comments are powerful. This is a clear and compelling metric about our people’s likelihood to recommend us to others as a great place to work. We find it extremely helpful to rank our teams. However, even more important are the written comments, which help us understand what makes a person a Promoter, a Passive or a Detractor. It’s essential to mine the comments to look for trends that can be acted upon at both the team and organizational levels.”

Frequency. Companies conduct employee Net Promoter surveys monthly, quarterly or annually, experts say.

“The traditional approach of employee engagement is to check in with employees every two years,” Rogers says. “With more-frequent, shorter surveys, you can take the organization’s pulse. The goal here is not to check that box for doing a survey but to build a culture among every team that enables them to feel like valued members who do great work for customers.”

Karren Fink, senior vice president of HR for Edmunds.com Inc., an online provider of automotive information based in Santa Monica, Calif., agrees: “More-frequent surveying on a shorter time frame is the trend.” Edmunds.com has measured Net Promoter Scores for customers for a year and started surveying employees using the system in October 2012.

Anonymity. Most companies use a third-party vendor to administer the survey to assure employees that the results are confidential and anonymous. “You want to protect people from retaliation,” Nelson says. “We do not report data for groups of fewer than five people.”

At Westpac Group, the survey is confidential, and all comments using names and references that might allow an employee to be identified are scrubbed of that information before being shared, Collett says.

“People won’t be honest if you can single them out,” Rogers adds.

No link to pay, rewards or punishments. That often leads to “gaming,” Rogers says. “Even well-intentioned managers can encourage employees to give good scores on the survey and discuss problems offline.”

Correlation between employees' and customers' scores. Companies can get good scores from employees and poor scores from customers. "I can pay you a lot and make you satisfied to work in my wonderful retail environment by giving you a beautiful break room and free food, but if you spend all of your time in the back talking to other employees, that isn't good for the customers," Markey says.

HR's Role

Even though a third-party vendor usually administers employee Net Promoter surveys, HR professionals still have a role. "HR is critically involved during the development of the specific criteria, the frequency and reach of the survey, and the sharing of the results across the organization," says Dani Kendall, vice president of HR for Concentra, a national health and wellness company with headquarters in Addison, Texas.

At Carolina Biological, Richmond says, "It is my responsibility to manage the survey process—vet and partner with the third-party survey administrator regarding our expectations as to the timeline, reporting expectation, and look and feel of the survey; explain the survey process internally; and administer the follow-up process. Once survey results are received from the administrator, we share summary data with all employees."

In contrast, Nelson recalls instances when HR was prevented from participating. "A couple of times, we've had clients keep HR out of the process. It was nowhere near as effective," she says.

"Without HR, you take away the critical support tool to help the survey run smoothly and the coach who can train and mentor dysfunctional managers," Rogers points out.

Nelson adds, "HR can meet with poor-performing managers to talk through the data. If the data are toxic, they may not hold a team meeting or they may help the manager hold the meeting. These surveys will also show you where your worst-performing managers are."

Taking Action

"Management needs to be less accountable for the score and more accountable for what they did with the feedback. What action was taken? If nothing was done differently, then there is an opportunity for training and development," Rogers says.

At Carolina Biological, "We follow up on action plans at the directors' monthly meeting," Richmond says.

"Don't accept excuses," Collett advises. "It is easy for leaders to claim that they cannot drive engagement or advocacy due to factors outside of their control, such as organizational change. This is not true. A good leader will be able to keep their team engaged if they keep close to their team, listen and act on what they hear."

Richmond agrees: "Each department is responsible for creating action plans to address department-specific issues, while HR and senior management address companywide issues." For example, one companywide comment made by Carolina Biological employees concerned vacation benefits. "We have a tenured staff that has a lot of vacation days, but our newer employees didn't view our existing vacation policy as competitive. So, in 2010, we changed that policy so new employees earn vacation faster," Richmond explains.

“Another great program we implemented as a direct result of a survey comment is Carolina Cash,” she continues. “In 2008, a comment on the survey said we needed a way for employees to make suggestions and be rewarded above and beyond their day-to-day jobs. The program awards employees cash if their idea passes the finance and accounting department’s approval.”

Markey warns that conducting employee Net Promoter surveys is not for every organization. “If you truly believe in enthusiastic employees and you are ready to back that up with action, go for it. If you aren’t ready to act on that feedback, it will go south on you fast.”

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