

MicroSave Briefing Note # 33

Employee Relationship Marketing

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Microfinance managers are often caught in a paradigm regarding staff's commitment to customer service:

- They give employees a job
- Provide staff with benefits
- Pay a competitive salary
- Train the staff on Customer Service
- Therefore employees should give great service: it's their job!

Yet staff often fails to meet expectations for customer services delivery (see *MicroSave's Customer Service Toolkit* for ideas on creating a service strategy). Low morale in the MFI, with the resulting high staff turnover has a direct impact on customer service. Managers who find their employees coming to work just to earn a salary are unlikely to achieve their customer service objectives.

Employee Relationship Marketing (ERM) is the process of creating, maintaining and enhancing strong, value-laden relationships with staff. In other words, ERM uses marketing to influence employee behaviour and create a workforce that values the MFI and its mission so that customer service becomes an operational priority. In the same way that microfinance institutions market their products and services to their clients, they must market their brand, their products and the principle that customer service excellence drives their business to their staff.

A well developed ERM strategy may actually include a reward programme in which employees earn points for customer service excellence and staff development initiatives (i.e. points are awarded for excellent service delivery, taking professional development courses, or consistently scoring 100% on product knowledge quizzes). Employees can then “cash-in” their points for branded merchandise, corporate sponsored events, or to support community initiatives supported by the MFI. Building an ERM programme, however, takes time and may require a significant change in corporate culture. Consider starting with simple initiatives to acknowledge the value and contribution of staff to the success of your MFI. “Surprise and delight” employees, introduce mystery shopping with rewards for excellence, or organise a day of “voting” for employees to provide feedback on the corporate culture by setting up polling stations with climate survey questions that allow you to gauge and respond to internal satisfaction.

Where does ERM begin?

- Successful ERM begins with **commitment by upper management to making customer service a core business strategy**. Once service excellence becomes as important as growth and profitability (essentially profitability rests on attracting and retaining clients, and customer service is central to retention), an MFI can

focus on making service a prime directive for its staff. Some institutions translate the notion of service excellence into the desire to be “employer of choice”, a goal as important as profitability and sales volumes.

- An effective ERM programme is also underpinned by clear **customer service standards that are effectively communicated to all staff**. Like most service industries, the financial service sector is built on creating quality relationships with clients. Staff is responsible for establishing and maintaining these relationships, primarily through the service they deliver to both internal and external customers. Service standards should be concise and measurable. Effective ERM programmes involve staff in the development of standards, resulting in more effective buy-in and ensuring that appropriate internal and external customer service issues are addressed in the service policy.

Meeting Customer Needs

Internal Customers – the staff that provides the support and management for the frontline. It is equally important to define standards for how staff will deliver service to one another, ensuring that processes operate efficiently and effectively to meet the needs of the MFI's external customers.

External Customers – the clients of the MFI, and other stakeholders who interface with the MFI (potential clients, future employees, investors, etc.). Ultimately an MFI needs to meet, and hopefully exceed, the expectations of these customers. You exist because of them!

- An ERM champion, or **staff member dedicated to employee relationship management**, is another prerequisite for success. When one person (or a small team) is responsible for designing staff marketing initiatives, maintaining the vision of staff's importance in customer service and evaluating ERM programmes, the MFI maintains a constant focus on ensuring that staff have the motivation to want to please clients, have the right skills and knowledge for their job and buy into the idea that the customer relationship is all important.

Putting ERM in motion

Essentially ERM focuses on providing tangible, emotional and experiential benefits to staff with the view to encouraging good performance and commitment to service delivery. In addition, it is a powerful communication tool that provides staff with information that enables them to meet the needs of the customer, whilst working towards corporate objectives. ERM often requires a reorientation to a customer focused corporate culture in which staff behaviours, beliefs, values, and purpose regarding service are accepted without thinking about them.

Start small, with a long-term vision: Changing corporate culture takes time. Even if your MFI is client focused, ensuring that all staff live and model this priority requires systems and feedback loops to maintain and enhance service levels. Try small initiatives like recognising all staff on a special holiday or corporate anniversary with a gift stamped with your values. Send birthday cards to everyone on staff, or plan an employee picnic in which upper management mingles with staff and provides positive feedback on their contributions. Build on this foundation with larger rewards for employees that surpass the “basic” service standards. Envision a more robust staff loyalty programme that awards points for excellent service that can be used to “buy” merchandise or experiences.

Set in motion “revolutionaries”: Identify key employees that demonstrate excellent customer service, and have the ability to influence other staff. Use these champions as “revolutionaries” that will test, disseminate and provide feedback on ERM initiatives. An effective “kick-off” programme, such as a one-day event, for these employee models can provide the launching pad for corporate climate change, and peer buy-in. Test new strategies with this team whose task is to positively influence and change the culture towards a customer focused institution.

“Sell” the corporate credo in clear, concise concepts: It is not necessary that employees know the mission statement word-for-word, but they should be able to define your basic commitment to the customer and the corporate brand in a few key words or phrases. Distil the essence of your corporate credo – your key values or promises – into one or two simple statements, then market them widely to your staff. Post these statements in places where staff congregates (i.e. toilets, lunchroom, screensavers, staff newsletter, etc.). Reinforce them through internal communications and branding. Staff should be able to explain your principles at any time: “we are committed to speedy, honest, customer-friendly banking. I deliver on this promise by being FAST! (Friendly, Accurate, Skilled and Trustworthy).”

Provide incentives: Don’t fool yourself that money is not important to your staff – they want competitive wages – but it’s important to look for additional ways to reward and motivate employees beyond financial bonuses. Consider ways outside financial compensation that directly reward staff for performance or recognise their value. For more on incentives see [MicroSave’s Staff Incentive Schemes Toolkit](#).

Close the gap between supervisors and frontline service delivery: Everyone on your staff provides service, but as employees move behind the frontline, they can lose touch with the challenges faced in providing excellent service. One quick-win strategy is to simply move a supervisor’s desk into view of tellers and clients to better position them to help with service. “Back to the floor” days can also get supervisors on the frontline: require managers to work as loan officers, cashiers and other key roles that demand a solid day of

customer interaction. Finally, some institutions require managers to be in the banking hall during peak periods, such as end of month or Friday afternoons, to handle the influx of customers. These strategies not only create solidarity with frontline staff, but improve customer service and connect managers more closely with the clients.

Hire the right people: Re-evaluating your hiring practices, as well as how you train your new staff can dramatically impact your MFI’s customer service performance. MFIs that hire customer service oriented employees and prepare them to make service a top priority experience better results.

Measuring the difference ERM makes

As you establish and grow an ERM programme the institution will look for the impact of the changes it has made, especially in deciding to invest more resources in ERM. There are several ways to measure changes in service quality that demonstrate improvements being made and the value of the programme in business growth:

- **Mystery shopping around specific, measurable standards:** once you have communicated service standards to staff, regularly visit the MFI offices and “shop” for services from individual employees (MFIs often hire students, use new recruits or outside firms for this). Provide staff with their mystery shopping results and build an action plan for improvement. Overall results should be published for all staff with targets for improvements (matched with rewards).
- **Climate surveys:** climate surveys measure employee satisfaction with various aspects of their working environment. Each staff rates the aspects from strongly satisfied to strongly dissatisfied. Low scoring areas can be targeted for improvement by management to improve morale and provide a more satisfactory environment. Aim for improvement!
- **Client perceptions:** focus group discussions, customer feedback groups, serviced suggestion boxes and comment cards collect information on client perceptions service quality (which is what really counts), reflecting on the effectiveness of ERM.
- **Performance management system:** ensure that you have a solid performance management system in place that sets goals in basic service and skill areas, along with work plans to move staff towards excellence. Annual and semi-annual monitoring provides check-in points for measuring effectiveness of ERM.
- **Process mapping:** evaluate system improvements, particularly those with heavy back office support to gauge changes in service to both internal and external clients (see [MicroSave’s Process Mapping Toolkit](#)). Look for improvements in efficiency.

ERM is part of an integrated strategy focused on customer service excellence. Institutional processes, information systems and customer knowledge complement the ERM strategy. For more ideas on improving customer service, see [MicroSave’s Toolkit on Customer Service Strategy: \[www.MicroSave.net\]\(http://www.MicroSave.net\)](#). A separate toolkit is available from [MicroSave](#) for [Designing Staff Incentive Schemes](#).