



Empowerment & Ownership

Learning Outcomes

By the end of this unit the learner will be able to:

- ✓ Discuss what is meant by empowerment and ownership
- ✓ Explain how empowerment impacts on customer retention

Empowerment and Ownership

Organisations where employees are empowered and take ownership of service quality are more likely to deliver excellent service to their customers. Therefore, in order to gain true competitive advantage through effective customer service it is vital that customer-facing staff are empowered properly. Each individual has to know that the part they are playing is important and has a knock-on effect for the entire organisation. Having undertaken the training programme it is wise to reward each of those completing it with either a certificate or other tangible award. This will engender a feeling of achievement for the staff who will then be keen to test their newly acquired skills.

Valued People Value Customers

‘Empowered staff are happy staff.’ Surveys reveal that people are happiest at work when they feel valued and important, when they are involved in the business and when they feel knowledgeable about what is happening.

A customer service philosophy offers employees an opportunity to participate in programmes which will determine the success of their organisation. However, many initiatives fail because the philosophy is owned by only a few and is not incorporated into the culture of the organisation so that it becomes a natural way of doing business.

The Involvement and Participation Association investigated the success of companies which established employee involvement and empowerment in a supportive environment. It claims that within a year of a shift to employee involvement, overall financial improvements of between ten and thirty per cent could be achieved.

The customer benefits from empowerment because an empowered organisation tends to be:

- less bureaucratic
- more flexible
- more responsive
- more considerate of customers’ needs
- easier to do business with.

Myths about Empowerment

As is common with much management rhetoric, there are many myths surrounding empowerment. These include:

- Empowerment is appropriate for all organizations.
- Everyone will welcome empowerment.
- Telling people they are empowered will make them be empowered.

Empowerment is Appropriate for All Organisations

Some people believe that empowerment is suitable in all work environments. However, this is probably not the case. Those businesses which have a need for strict regulatory control will not benefit greatly from empowerment. Others, whose management style and culture tends towards 'command and control' will also find empowerment inappropriate if they wish to continue this way. Also, the degree of empowerment different organisations wish to achieve will vary according to their individual circumstances.

It is useful to see empowerment as working along a spectrum as shown below.

Level 1 – Employees are encouraged to own decisions and get involved in improvement initiatives. However, the manager takes overall control.

Level 2 – Teams and individuals have more say and take ownership of decisions affecting their work but strategic decisions are still made by management.

Level 3 – Teams are completely self-managing and make all decisions about not only how they operate in terms of task but also structure and reward.

Level 1

There are many examples of organisations which involve employees in a service strategy. However, at this level, members of staff still have to put ideas for improvement forward to their manager for approval or they can make decisions within certain areas, e.g. issuing a refund. At FedEx, all call-centre agents have six weeks' training before taking live calls. As part of this training, it is explained that they can give up to US \$200 on the spot at their discretion when a customer complains.

Level 2

This middle level of empowerment is where teams and individuals have more say and take ownership of decisions affecting their work, but strategic decisions are still made by management. One example of this is the Oriental Hotel in Bangkok, which for the tenth year running has won the best hotel in the world award. The General Manager attributes this to giving all employees the authority to say 'yes' to any customer request. The only time members of staff need to refer to a manager is when they want to say 'no.'

Level 3

Department store Nordstrom in the United States issues this statement to all new employees:

Rule 1 Use your good judgement in all situations. There are no additional rules.

Organisations which encourage employees to adopt total control of their work and working patterns are usually those which have undergone a period of change, probably involving de-layering to transform them into flatter, more flexible and customer-focused units.

Everyone will welcome Empowerment

This is a fallacy. Not everyone will want to be empowered and many people are happy with the status quo. This can apply to members of staff as well as managers. It is important that this is recognised and that support and encouragement are provided to those people who wish to change.

As responsibility and decision-making are devolved further down the organisational structure, studies show that managers' reaction can be one of fear. They may lose their power, their standing may be reduced and they lose control of decision-making. It is vital therefore, that support is provided to managers to help them through the transition so that they see a role for themselves as coaches and facilitators and so that they do not block the decisions of their teams.

How Empowerment impacts on Customer Retention

Customers coming face-to-face with an empowered member of staff *know* that they have come face-to-face with an empowered member of staff. The impression this creates for the customer is one of total comfort. If your customers feel comfortable in the presence of people from your organisation then they are likely to remain loyal. Should you then encounter a customer who has a problem or a complaint, the likelihood is that the first member of staff that they consult will, in the majority of cases, be able to deal with that query. This is invaluable to a customer, as all customers have various tensions affecting their buying decisions and also have various needs that the purchase must solve.

Being able to ease the tensions and solve the needs with the first contact is a recipe for success. Even if a problem is beyond the remit of the empowered staff member, provided that the staff member takes ownership of the problem until it is handed over and solved by a manager, the customer can still feel satisfied. If the first person is empowered to leave her/his work station, or to take longer to deal with a particular customer's problem, then that empowerment will serve to make that customer feel extra special. The customer who experiences the 'wow' factor (as we have already discussed) is a customer who is likely to talk about your service levels to their friends and effectively become part of your own sales force.

Empowered staff who go the 'extra mile' are continually increasing the stakes for customer service levels. This is a valuable exercise and ensures that service levels are continually rising and expectations continually growing. Ultimately, people buy from people; they do not buy from organisations. Therefore, if empowering staff has increased staff retention, the customers will experience the feeling that they are dealing with the same people. This will increase the likelihood of sales because of the 'comfort zone' that has been created. Truly empowered staff will have the ability to make the customer feel special in one way or another at every opportunity. This, in turn, will lead to loyalty from the customer who, if he/she is receiving great customer service, is not going to look elsewhere.

How to Empower Staff and to what Level

The level to which staff should be empowered is a decision that must be made in the boardroom. The impact of empowered staff is an unquantifiable risk at the outset and therefore must, where possible, take account of all eventualities. Empowering staff to issue refunds needs management. It also needs a recognized corporate-wide level to which refunds can be authorised by individuals. By the same token, it is important to teach those staff members that a refund is not necessarily the best customer service that can be offered. If a client is dissatisfied with a purchase to such a degree that a refund is demanded, that customer is likely to defect to another manufacturer. If, however, a refund is demanded but a different outcome results through the staff member's empowerment, the customer is likely to be saved. If the CSR is sufficiently empowered, instead of opening the cash register and losing the customer, he/she may be able to tweak the service level agreement and waive a 'call out' charge. This would result in the customer's tensions being eased and the sale remaining solid.

Core values of an organisation will in many ways dictate the level of service that will ultimately be offered and the degree to which empowered staff will undertake their decision-making. If, for instance, the company core values focus on ethical business practices, the empowered staff member is unlikely to do anything that is unethical or likely to be seen by his/her peers as unethical. The training programme to initiate all staff to the company's values is integral and should be undertaken early on in the process.

It is necessary to simultaneously develop guidelines, yet these guidelines must not be so strict as to make employees feel that their job description is merely changing. They must feel a true sense of empowerment, and this is where trust between the organisation and staff comes into play, in a big way.

A valid way of achieving these particular tasks is to set each individual or department a level – financial or product unit – which they should not be allowed to exceed. To put this into context, let us assume that currently an employee has no empowerment whatsoever. Five of his/her best customers discuss their dissatisfaction with specific elements of their last purchase. All s/he can do currently is say, 'I take on board your comments. I'll pass them up the line and get back to you.' If, however, there was a level of product units or an amount at his/her disposal each week, then s/he could choose to either replace one or two of the products or refund some of the clients and deal with the situation to his/her best advantage. The knock-on effect is that the immediate line manager has nothing to do with this decision-making process, and therefore is free to continue his/her management functions. A true win-win situation for all those involved; the customers are satisfied that they have received individual service and the employee feels that s/he has been able to use his/her initiative to achieve the best result for the company.

Building Staff Confidence to Ensure Ownership of Complaints

Instilling confidence in staff will only happen with a top-down management approach. Each individual with new powers will need to know that those powers, and the subsequent decisions made using them, will be supported by management and by the board. An organisation reaching this stage of service development sometimes fails to understand the importance of being consistent in its approach to empowered staff. If a staff member feels that his/her decision is likely to be undermined or judged, it becomes harder for that

operative to make the decision. In this instance, the customer fails to receive the best possible service. The consistent approach, with cleverly designed parameters, will promote the best and most comfortable atmosphere for operatives to perform in. A customer will always sense when the person dealing with him/her is truly empowered for, just as there are tensions in the buying process that need to be addressed, so are there in the selling or service process. Those tensions are reduced by experience and expertise, but they are also vastly reduced by empowerment.

Developing a Set of Discretionary Awards

In virtually every walk of life you will eventually come across the 'What's in it for me?' syndrome. Service is no different. Therefore it is wise to build in a series of incremental awards for people undertaking new service responsibilities. This does not necessarily help to build confidence in your workforce, but it does help to eliminate any feelings against adoption of the process. Incremental awards need not be cash (although cash is an acceptable currency). Incremental awards can be part of a bonus system and could even be developed so that peers of the recipient nominate them. The peer system tends to engender fairness and an ethical undertaking of the service offering. It is the peer system of offering contributory awards that allows the company to feel confident that the service culture is real and not just tokenism. If cash awards are being offered for good service then the service levels may lack sincerity.

Service without sincerity is rarely excellent customer service. In many ways the whole process is a psychological trade-off between the customer and the service provider. Some of the most successful awards programmes give those excelling in customer service the opportunity to visit other organisations that are standard bearers for service nationwide. This can often be somewhat of a 'busman's holiday' but the sharing of best practice in customer service is something that is exceptionally valuable and hard to obtain. The benefits to the organisation of an award system is that the recipient of the award experiences best practice and will bring that knowledge back into your organisation, foster those experiences, and hopefully implement them as part of daily practice.

From a corporate point of view, being part of this award process can ensure that people from other organisations offering excellent service attend your premises and benchmark their service levels against your own operation. The certification of staff completing training courses and on-going service recognition for the efforts of your staff will pay dividends. Most staff will appreciate adding their certificates to their portfolio, especially as at this stage of development you have not necessarily fostered loyalty from those staff. The very fact that you are issuing these various incremental awards and taking this 'excellence' stance will encourage your employees to remain loyal to your organisation.

Other awards such as 'time off in lieu' can be beneficial to ensure adoption of the new strategy. 'Time off' is a tangible benefit and from an organisational point of view costs very little. From the management perspective it is vital at all times to remain aware of the 'treat people how you would like to be treated' mantra.

Undertake some research throughout your organisation to find out what it is that customer-facing staff would really appreciate. Then employ it.

Defining exactly how long that 'Extra Mile' should be

Excellent customer service really shouldn't have a boundary. The reality, however, is that boundaries are needed across an organisation, as has already been discussed. Defining how long the 'extra mile' should be will almost work in inverse proportion to the size of an organisation; therefore, the bigger the organisation the shorter that 'extra mile' often is. Conversely, if the organisation is small, that 'extra mile' can really extend for a very, very long way. Much of the reason for this is trust. In a small organisation with a manageable workforce, trust from management is easily gained. Managers will know which, if any, of its staff are likely to abuse the system in any way. They will also know those most prone to offering excellent customer service and also have a belief in them in terms of their behaviour. A large organisation has the difficulty of personalities and individuals who have differing service expectations and therefore differing service offerings.

In a large organisation it may be necessary to put blanket rules in place, such as restrictions on employees leaving the premises or using the telephone. This blanket regulation will limit the empowerment to the staff but it will also ensure that abuses are not costly to the company. It should be remembered that while one customer is being offered excellent service, if it leaves the rest of the workforce stretched, then maybe more customers are not receiving even a basic level of service. This is a balancing act that has to be addressed, and the larger the organisation the stricter the regulations need to be. In many instances the 'extra mile' will evolve. This happens when an organisation aims to offer its customers the 'wow' factor, and finds itself experiencing the 'wow' factor because of the actions of its own employees. Again, it is good to have discretionary awards to highlight and magnify across the corporation the efforts of these particular individuals. It will also help to define, subliminally, service level expectations across the corporation; if you are rewarding an individual for great service you are telling the rest of the workforce that this is not yet the norm.

The cash value in customer service is tangible, but the cash value of a service operative is not. It is necessary to be aware of the cost associated with great customer service, and these costs are not always as clear-cut as an hourly rate. For a particular operative to go the 'extra mile' can sometimes mean refunding a client, offering alternatives or new replacement parts, and the cost of this can spiral. It is important for the organisation to look at ways of limiting the cost element, while at the same time giving service personnel the freedom to exceed these levels *only* in exceptional circumstances. Not an easy management task but one that should be undertaken and clearly defined before rolling out a customer service excellence project.

Further Reading:

- ✓ *Ethics and Empowerment, (1999), edited by John J. Quinn, Peter W. F. Davies*
- ✓ *Empowering Every Member to Take Ownership, Demonstrate (2014) By Paul GUSTAVSON, Stewart LIFF*
- ✓ *Empowerment Evaluation Principles in Practice (2005), edited by David M. Fetterman, Abraham Wandersman*