FEEDBACK FROM THE FRONT LINE:
Engaging front-line employees in service innovation

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Cambridge Service Alliance

Acknowledgements

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Executive Summary

Customer feedback is an invaluable source of information for organisations engaged in service innovation and improvement. Studies have even linked customer satisfaction levels to financial returns. Understandably, many firms have formal mechanisms for collecting the views of their customers. However, there are situations where it may not be feasible to obtain the opinions of customers directly. It may be, for example, that there are ethical or political considerations that make approaching customers difficult or impossible. In these cases we propose that firms use a different method to gauge their customers' views.

In most service organisations there are employees that deal with customers on a day-to-day basis. These are the service engineers, the sales personnel, the customer assistants and reception staff – people who have frequent and close contact with the customer base. These front-line employees (FLEs) are perfectly positioned to provide feedback about the organisation's service provision, both in terms of their own views on the customer-service interaction (voice of the employee – VoE), and their perceptions of the customers' views on that interaction (voice of the customer through the voice of the employee – VoCE). Unfortunately, many companies neglect FLEs as a potential source of knowledge and value.

We set out to construct a framework that would allow organisations to tap into this rich source of knowledge about their customers. We accomplished this in two stages. First we constructed an FLE feedback framework, informed by previous research touching on the topic, as well as a workshop designed to capture information and ideas about the issues involved. Once that model was designed we tested it in a real-world business setting. Through this in-depth case study we were able to further refine the framework to provide a useful tool for organisations to encourage and facilitate the capture of FLE feedback in a structured way.

The framework consists of three main elements. An employee knowledge matrix allows for the capture of information from the two perspectives, VoE and VoCE, across seven subject headings: service encounter; customer relationship; technology; unfulfilled customer needs; administrative/organisational; marketing; and a catch-all other section.

Another element is the flow of employee-generated knowledge through the organisation – the knowledge flow. This is facilitated by the knowledge infrastructure of the organisation – the many processes and structures that help to transfer knowledge from the FLE to a selection and filtering process conducted by those employees designated as 'gatekeepers'. Mapping out the knowledge flow path is important as it helps to maximise the effectiveness of the FLE feedback process as a whole.

Feedback loops form the third element of the FLE feedback framework. These are the points during the FLE feedback process where different factors can facilitate the acquisition and transfer of knowledge by FLEs. Primarily they involve raising employee awareness of, and encouraging participation in, the FLE feedback process.

The FLE feedback framework can then be used in two main ways. Organisations can embed it as an ongoing programme, but it can also be deployed as a tactical targeted exercise focused on a particular aspect of the customer-service interaction.

It is also worth noting that, for the FLE framework to unlock the full value of the insights provided by FLEs, it requires sufficient organisational backing for all the elements, and the creation of an environment in which the FLE feedback process can thrive. With the appropriate high-level support, organisations can leverage FLE knowledge and insights to improve customer relations, as well as improving the scope and quality of the services and service experience that they offer. This in turn feeds into competitive advantage and sustainable success.

Introduction

Today's industrial firms face challenges on many levels. Market growth is limited. Pressure on resources means everyone is striving to do more with less. Cash flow is unsteady. Retaining a competitive sustainable position is a constant battle. Customers expect great products, services and experiences. The war for talent is endless, with intense inter-firm competition for skilled and capable people.

While the customer may not always be right, there is no doubt that customer satisfaction is central to the sustained success of most businesses. Indeed, there are many academic studies that show how customer satisfaction is directly related to financial returns. As a result, companies are constantly looking to maximise customer satisfaction, and customer relationship management has become a very important function within many organisations.

One obvious way of discovering how to improve customer satisfaction is to ask the customers themselves. Organisations use a variety of methods to tap into their customers' views, from structured interviews and surveys to focus groups and feedback cards. However, obtaining customer feedback can be complicated, especially when it is difficult to obtain access to the customers.

If customers are predominately minors, for example, it is likely to mean navigating a lengthy process that includes ethics committees and obtaining certificates of competence for the researchers involved. There are also other situations where customers are difficult to communicate with. Given the fragmentation of value chains, there may be situations where an organisation communicates with the end customer via an intermediary, and direct access is not possible for political or commercial reasons, for example.

However, in cases where access to customers is not practicable, but the organisation still needs to assess customer satisfaction, there is another, underutilised option. Why not obtain insights about the customer's experience of the service transaction from the other side of the organisation–customer equation? Why not ask the people in the organisation who are closest to the customer – the front-line employees? A great deal can be learnt about customer satisfaction from the customer–FLE interaction, yet few organisations maximise this opportunity to improve their services and gain a competitive advantage over their rivals.

FLEs are uniquely placed to provide valuable feedback and contribute to service evolution and innovation. Their work often spans numerous boundaries across functions within an organisation, as well as externally, dealing with other members of the value chain in addition to the customer. Also, FLEs offer a different perspective on the customer's experience of service to management. They have direct exposure to customer queries and complaints, for example.

The knowledge that can be obtained from FLEs about their interaction with customers is not the only benefit for organisations. Research suggests that enabling FLEs to provide feedback and contribute to service innovation is likely to lead to better job satisfaction, engagement with and commitment to the organisation.

The challenge, then, for the organisation is how best to enable FLEs to provide feedback and share knowledge in an effective way – allowing any knowledge and insights that are obtained to be used productively.

Surprisingly, given the potential benefits of using FLE feedback there appears to be no standard method for the involvement of FLEs in this way. As a result we set out to develop and test a framework that could be used by organisations to obtain FLE feedback. In doing so we investigated what elements should underpin and be present in such a framework, drawing on previous research relating to the topic. We also identified four key areas that FLEs can provide information on, both in terms of their own views – often referred to as voice of the employee (VoE) – as well as the views of the customers that they deal with – the voice of the customer through the employee (VoCE).

Methodology

This study was designed to investigate ways in which front-line employees could be involved in evaluating customer satisfaction in situations where it is difficult or impossible to access customers directly.
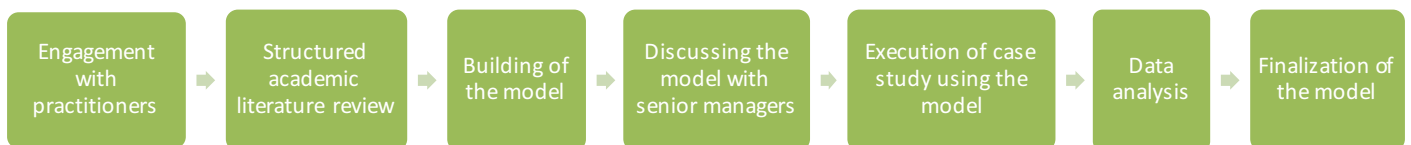
The investigation was split into two stages: the pre-study, which included the initial development of the front-line employee framework; and then a validation and enhancement study, which further refined the initial FLE model.

In the first stage, through our consultations with professionals in a number of companies, we established that there was a commercial need for the FLE feedback model and that its use could be exploited within organisations. We also verified the study design with academics.

The aim of the pre-study was to explore how to gather feedback on a service from front-line employees. As this is a new approach to evaluating customer service and satisfaction, we needed to

develop a new method to receive structured qualitative feedback from front-line service employees. With the help of both a workshop and a systematic literature review, we were able to build a comprehensive FLE feedback model.

The second stage of the investigation focused on the enhancement and verification of the initial FLE feedback model. One of the main objectives of the research was to move the FLE model from its theoretical basis to a useful practical tool for organisations. To achieve this we tested the framework in a practice setting using an in-depth case study. An initial meeting was followed by information-gathering via 18 semi-structured interviews, with the results used to refine the model for use in industry.

| Engagement with practitioners | → | Structured academic literature review | → | Building of the model | → | Discussing the model with senior managers | → | Execution of case study using the model | → | Data analysis | → | Finalization of the model |

Figure 1: Research process overview

FRAMEWORK FOUNDATIONS
Essential Elements

A thorough review of existing research related to the topic suggests that there are at least six important elements of an effective FLE feedback tool. These are: organisational backing; the handling of FLE knowledge; the idea-generation environment; employee engagement and skill; feedback on feedback; acknowledgement and rewards; and types of front-line employee knowledge.

Involving front-line employees in service innovation requires a rethinking of management approaches. If employees are to contribute fully, it helps for management to signal its approval and support. Providing organisational backing empowers and motivates FLEs, enabling and encouraging their involvement in service-interaction-based innovation.

The handling of FLE knowledge needs to take place in a structured manner. A common complaint of FLEs is the lack of an effective way to use their front-line knowledge in a way that benefits the organisation. Some organisations offer employee suggestion boxes, for example, as a means of capturing employee knowledge. However, an effective FLE knowledge-transfer mechanism requires a much more comprehensive infrastructure that facilitates the systematic collection, filtering by management, and implementation, of FLE ideas. After all, it is the implementation of service innovation that improves customer satisfaction, rather than the collection of ideas per se.

The organisation should try to create the optimum idea-generation environment. Front-line employees need opportunities to interact with customers in a way that provides them with insights about the service design and delivery. If FLEs are tightly constrained in their interactions with the customer, they are less likely to generate useful insights. Evidence suggests a degree of freedom, and the authority to act on their own initiative and discretion is likely to increase employee-driven innovation.

Without a specific initiative in the organisation, some FLEs may choose to pass on their thoughts about the FLE customer interaction but others will not bother. Consequently, management should take actions to promote employee engagement in the process. Furthermore, research suggests that there are some implications for the training and development of FLEs. Possessing certain employee skills, such as the ability to read the customers' needs, may mean that FLEs are more likely to contribute to the service improvement process. At the same time the FLE feedback mechanism may reveal training and development gaps within the FLE workforce that require some attention.

FRAMEWORK FOUNDATIONS
Essential Elements

It is not just feedback from the FLEs about the customer-service interaction that is important. A framework designed to enable FLE feedback should also include a way of providing feedback to the FLEs from management. Giving feedback to employees about their feedback acknowledges the contribution that they are making and the importance of their role in service improvement innovation. It also helps to motivate the FLEs.

Research suggests that providing the appropriate acknowledgement of, and rewards for, employees is associated with a number of beneficial effects in organisations, including better service and improved customer satisfaction. There are mixed findings regarding the usefulness of acknowledgement and rewards in the FLE feedback context. There is some evidence that suggests rewards for novel and innovative performance may increase motivation and creativity. However, organisations that

reward performance that is expected and not out of the ordinary may risk reducing motivation and creativity.

A final point refers to the types of front-line employee knowledge to be gathered. Front-line employees can provide two different perspectives on their front-line customer interaction. There are the personal views of the FLEs about the service process and customer-service interaction. This can be referred to as the voice of employee – VoE. Additionally, FLEs are able to pass on the customer's views on the service, whether those views are expressed directly by the customer or revealed indirectly through the FLEs' observation of a customer's behaviour, also known as voice of the customer through the voice of the employee – VoCE.

FRAMEWORK FOUNDATIONS
Focus Points

The research literature analysis also revealed that any feedback should focus on particular aspects of the FLE–customer interaction that deserve special consideration. Initially the points of focus that emerged were: the service encounter; the customer relationship; the use of technology; customer needs; administrative/organisational; and both a marketing and an others category allowing general feedback.

The service encounter has a significant impact on customer satisfaction. For example, restricting conversations between employees and customers to pre-prepared service scripts, or within the narrow confines of a pre-defined set of rules, can have a negative effect on customer satisfaction. Similarly, when employees are unable, or do not have the authority to discretion to meet the customer's needs this can cause problems. Being able to obtain the FLEs' views on the service encounter is, therefore, an essential part of any effective FLE feedback process.

Another area that merits attention is the customer relationship. Research suggests that the quality of the relationship between customer and employees can affect the ability to meet customer needs, the customer's perception of the service, and successful handling of customer complaints. Poor customer relations can even prompt customers to switch to another service provider.

Technology has the power to transform service provision for the better, and in doing so increase customer satisfaction. However, as many customers know, technology is not always reliable and technological glitches can quickly translate into an unhappy consumer experience. FLE feedback about the customer's knowledge of, and attitudes towards, technology as part of the customer–organisation interaction can be very useful for improving the technology-related component of services.

The intimate nature of the relationship between front-line employees and customers provides those employees with an opportunity to understand unfulfilled customers' needs. This category was added to reflect the diverse nature of different customers' needs, requests and queries as perceived by FLEs. It also builds on research that identifies the deciphering of customers' needs as one of the main drivers of new idea generation. Therefore,

the FLE is in a position to identify potential areas where the company can deliver additional value to customers and hence capture more value for the company. These new ideas, and hence new business opportunities, can be uncovered by a front-line employee feedback process.

Following the case study examining the initial framework in a business setting, further refinements of the model included adding three more categories.

The category administrative/rganisational includes any topics not directly related to the service transaction itself, but relevant to the overall system of service delivery. This includes the system of the FLEs (your company) as well as that of the customers (their company). The aim here is to understand how the value flow can be organised better at both ends and can be supported by managerial processes.

Recognition and definition of service value, as it is defined by the customer, is another interesting aspect. This may lead to better understanding of marketing strategies, such as unique selling points, for example. At the same time this may also reveal where there are disconnects and misunderstandings about customers' perceptions of service. One opportunity arising from this category will be allowing marketing to cover the best way to promote the service, while also enabling management to understand the customer and its value needs better.

Finally, an 'others' category was added to provide some flexibility and the recording of information that may not fit into any of the previously mentioned categories. In the case study, for example, it soon became apparent that there was information that was hard to frame or categorise. To ensure that this information was recorded rather than neglected, we created 'others' as a catch-all category.

The Front-Line Employee Feedback Framework

Having analysed the existing research we were able to construct, test and revise a formal structure to be used by organisations that want to capture FLE feedback and put it to good use. The tool allows the recording of FLE knowledge in a structured way that enables comparisons.

The resulting FLE feedback framework incorporates the framework foundations and is made up of three main elements: the employee knowledge matrix; a schematic representation of how knowledge from the FLEs flows through the organisation; and a network of facilitation loops that show the different ways in which interventions facilitate the engagement of FLEs in the feedback process.

Once the framework had been constructed we tested it in an organisational context. We conducted a series of interviews with managers and FLEs. Their comments supported the introduction and benefits of an FLE feedback approach and the basic elements of the FLE feedback framework. At the same time, a number of improvements were highlighted, which were subsequently implemented.
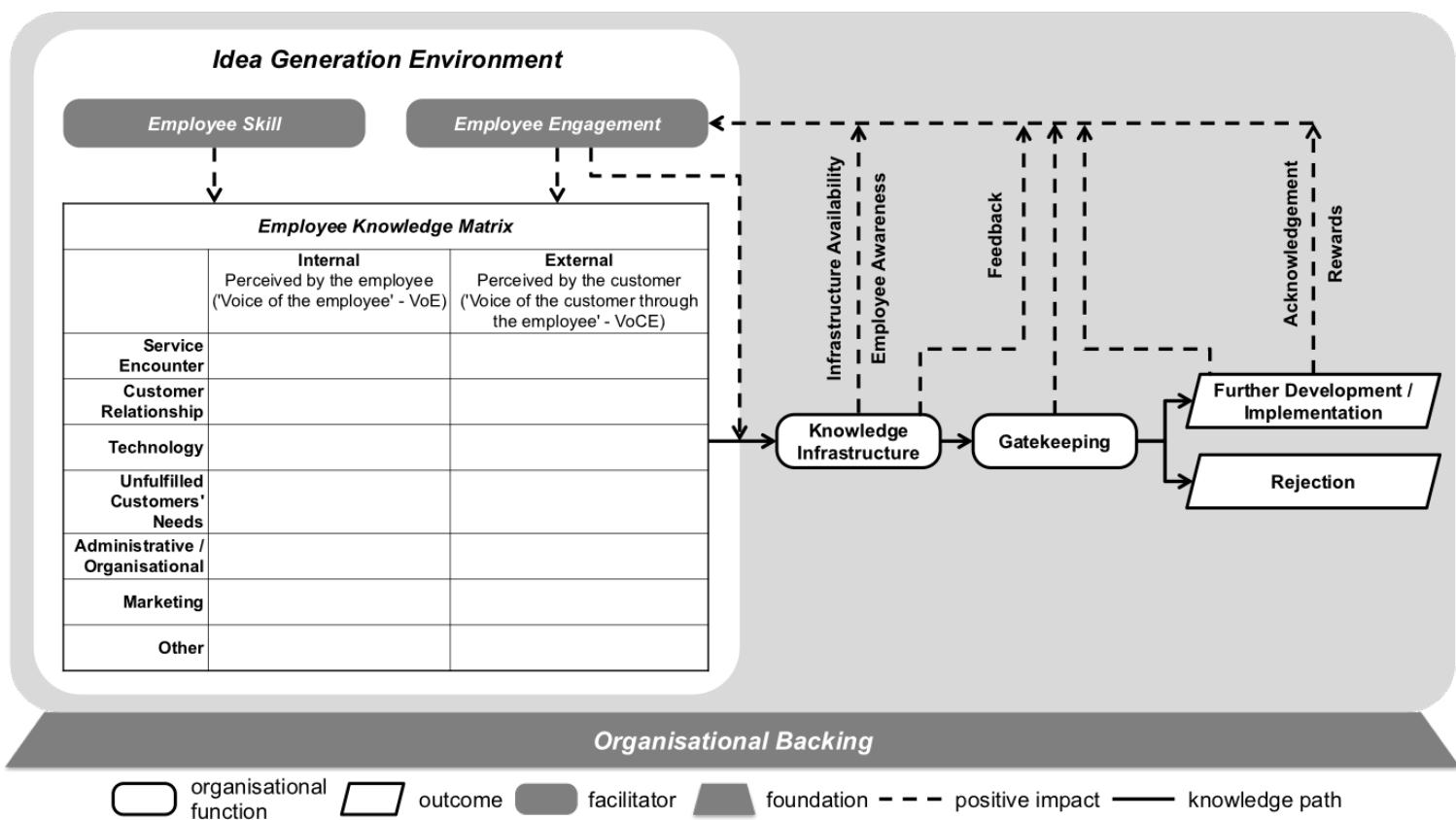

**Figure 2: FLE feedback framework**

The FLE Framework
Employee Knowledge Matrix

The employee knowledge matrix is designed in a way that allows FLEs to report back on both their views of service process and their perception of the views of customers. The matrix recording tool reflects this two-dimensional aspect to the feedback. The two knowledge dimensions – internal (VoE) and external (VoCE) – are represented along the horizontal axis.

The vertical axis lists the different aspects of the FLE–customer interaction that any interview questions should be directed at and feedback grouped into. The categories are those initially identified by the analysis of relevant research literature, namely, service encounter, customer relationship, technology and unfulfilled customer needs, as well as those added after further refinement of the model – administrative and organisational, marketing and the catch-all category of 'other'.

The feedback from the case study confirmed the merits of using a matrix approach to prompt FLE responses. The total number of topics mentioned by FLEs tripled when using a matrix to elicit feedback in specific areas. Using the matrix also emphasised the importance of making FLEs aware of their ability to contribute to service innovation in this way as part of promoting the FLE feedback process.
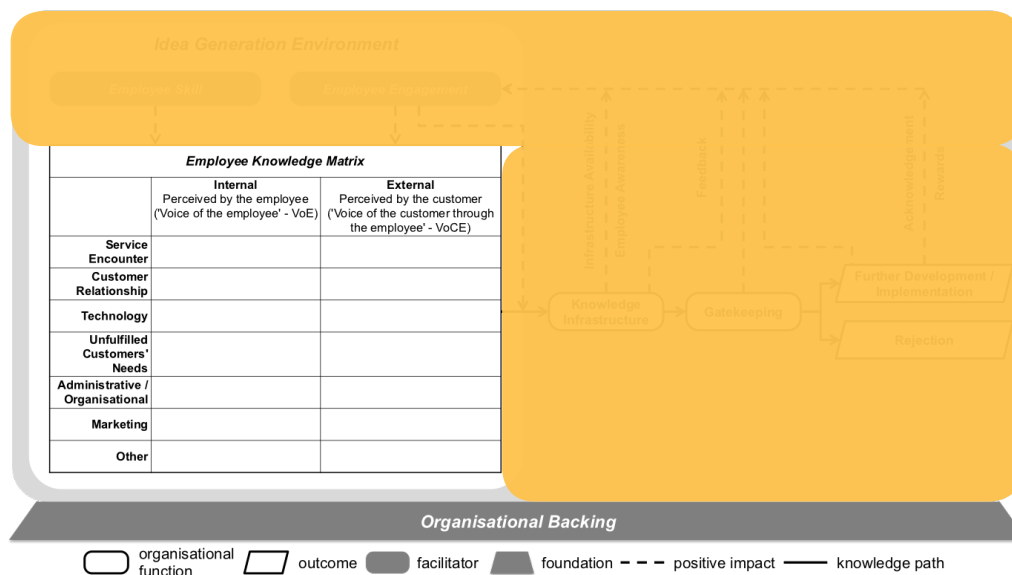
Figure 3: Employee knowledge matrix

The FLE Framework
Knowledge Flow

The knowledge flow part of the framework details the flow of employee generated-knowledge from FLE to idea adoption and development, or idea rejection. The transfer of knowledge is facilitated by the knowledge infrastructure; in other words, any process or institution that allows and helps knowledge to be transferred from the FLEs to a gatekeeping selection process.

It is useful to map out the knowledge infrastructure as in Figure 2. This exercise can reveal inconsistencies and areas of weaknesses within the company's knowledge infrastructure. Once they have been identified any inconsistencies or weakness can be rectified. For example, an in-department or universally accessible central collection point for feedback may prove a more effective approach than transferring knowledge along a hierarchical chain of management command. The latter approach is comparable to having several suggestion boxes in series and also increases the chances of individual managers discarding ideas for political rather than practical reasons, and of ideas getting lost during the process.

Detailing the firm's knowledge flow also highlights any infrastructure elements that enable knowledge exchange and collaboration,

and that are favoured and valued by employees but currently not centrally provided by the company. These elements might include, for example, surveys conducted within departments, regular group meetings, or mailing lists for FLE discussions. Once identified, the organisation can consider introducing useful infrastructure elements.

Similarly, mapping out the knowledge flow can reveal shortcomings in the process of transferring FLE knowledge, in respect of the gatekeeping policies. The gatekeeping process is where ideas are filtered to separate out those suitable for further development and implementation from those that should be rejected.

The FLE Framework
Facilitation Loops

Facilitation loops form the third part of the FLE feedback framework. The case study confirmed the research literature's suggestion that FLEs would require encouragement to fully engage with an FLE feedback process. While FLEs acquire useful knowledge about the customer-service transaction during their daily work, they are not always encouraged to pass this information on.

The framework details a number of points during the FLE feedback process where different factors can facilitate the acquisition and transfer of knowledge by FLEs. These were revised and added to following the case study feedback.

The first factor is increased awareness of a knowledge-transfer infrastructure. While the presence of such an infrastructure is essential for the transfer of knowledge from FLEs into the organisation, FLEs also need to be made aware of the existence of such infrastructure and that it can be used for the feedback of ideas. This might be especially the case if the organisation is using existing communication channels as part of its feedback mechanism.

A third element of encouragement for FLEs concerns acknowledging and rewarding their efforts when an FLE's idea reaches the stage of further development or implementation. Previous research suggests that, with some caveats, acknowledgement and reward of useful ideas motivates FLEs to engage with the feedback process. In the case study organisation there was no pre-existing structured feedback system, and any ideas that percolated through informally were not necessarily traceable to their originating FLEs, which rendered any acknowledgements or rewards virtually impossible.

Nevertheless drawing on existing research it is reasonable to assume that, particularly in the absence of any employee expectations, acknowledgement and rewards would motivate FLEs and further engage them in the process. It is also important to note that such acknowledgements and rewards are not possible unless ideas can be traced back to their originators.

Interviews with practitioners show that high-level management involvement is important. There are two main reasons for this. First, senior managers are more likely to have access to the resources and investment capability within the company needed to support the changing of processes and infrastructures. Second, senior managers are more likely to have the authority required to drive the changes in the company, making sure that those changes are taken seriously and properly understood by managers.

A lack of high-level involvement, enabling the organisation to support and act on the input given by FLEs, is likely to render the whole exercise ineffective.
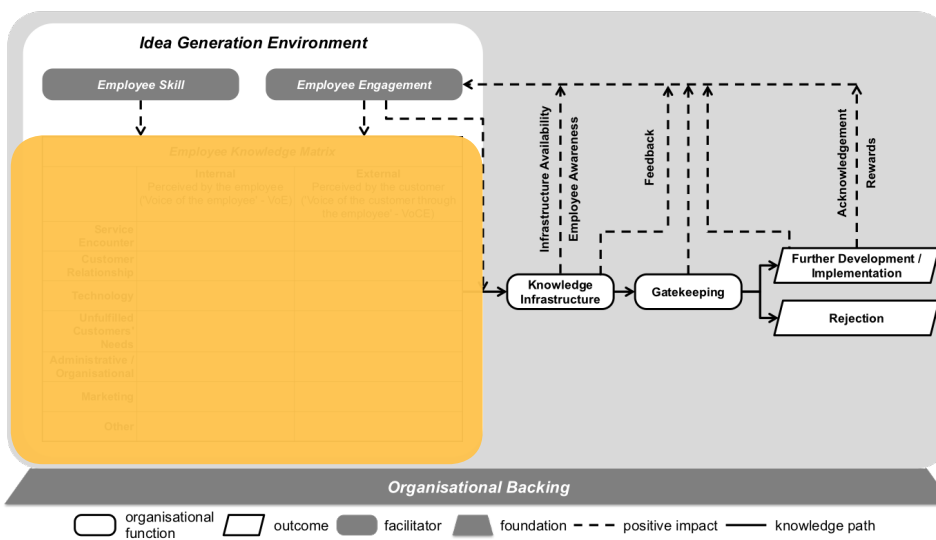
Figure 4: Facilitation loops

Another point of encouragement is following up on the feedback provided by FLEs and making sure that they are kept informed about its receipt, progress and eventual use or otherwise. FLEs want to feel that their contribution is valued. As the framework shows, ideally feedback to the FLEs should take place directly after receiving the feedback from the FLE, when a decision is made about the merits of the FLE's ideas and information, and during the stage of further development or implementation.

Conclusion

This research was originally prompted by a desire to find a way to obtain customer feedback about a service when those customers were difficult to reach. One possible solution was to use the employees in organisations who work at the intersection where customer and organisation meet. These front-line employees (FLEs) often observe, or are directly involved in, the initial customer-service encounter, eventual transaction, as well as the customer's experience and consumption of the service.

Logically it seems obvious that these employees would acquire knowledge about the customer's experience of the service process that would be useful for innovating and improving that service. Assuming that is the case, the challenge is how to extract, filter and analyse the FLEs' knowledge and insights in a productive way, to improve customer satisfaction. Further investigation revealed that, despite the potential benefits of obtaining FLE feedback, there was no apparent commonly accepted mechanism for doing so in a formal structured way. Adopting a structured method is important, as our research suggests that it increases the feedback provided by FLEs, and it creates a culture that encourages the participation of front-line employees in service innovation and improvement.

With no FLE feedback model readily available we set out to create a tool that organisations could use to help obtain FLE feedback. The result was the FLE feedback framework, arrived at through a process of: reviewing and analysing previous literature on the topic; constructing a framework informed by that literature review; testing and validating the framework; and then revising and extending the framework in the light of feedback on its performance in practice to produce the most recent version.

In doing so we realised early on in the process that FLEs are able to feed back two types of very valuable information. They are able to tell us what they think about the customer service encounter, as well as their perceptions of what the customer thinks about and how the customer experiences the overall customer-service interaction, and the service itself.

We envisage that the employee knowledge matrix of the FLE feedback framework will be useful for organisations in several situations. Its obvious use is as part of a systematic ongoing FLE feedback programme. These types of initiative often take some time to bed in and for organisations to obtain the maximum benefit. In an ongoing programme there will be an initial facilitated roll-out, with day-to-day unsupervised submission of FLE feedback enabled through communications technology and other infrastructure, with regular reinforcement and support from management.

Organisations should note that it is not enough to have an effective information-gathering network. In addition FLEs require the right environment for the process to thrive. They need: motivation to become fully engaged with FLE feedback; information about the way the process works and the mechanisms and infrastructure used; feedback about the process at a number of points during the process; and acknowledgment and rewards for feedback efforts where appropriate. In this way FLE feedback becomes an integral part of a company's processes.

An alternative deployment is as a one-off targeted intervention aimed at a pre-identified aspect of the customer-service interaction. Where customer satisfaction or other service issues are initially identified by employees, whether front-line employees or management, those issues can be investigated with a short-term study using the framework. In particular, the knowledge matrix can be used as a tool, via interview or workshop, to mine front-line employee knowledge, although the facilitation loops such as feedback and rewards and acknowledgement may also be relevant.

Furthermore, the FLE feedback framework is not sector-specific, and can be used in a variety of industries. Theoretically, subject to any confidentiality issues, it can be deployed wherever there is customer interaction with front-line employees. Nor is it solely for use where customers are difficult to contact, although that was the original motivation for its development.

Front-line employees are invariably the closest contact an organisation has with one of its most important stakeholders – the customer. If customer needs are not met, the customer experience is poor, and customer satisfaction low, then front-line employees are often the first to identify the issues involved. Inevitably those employees will have views about how such customer challenges can be resolved.

The organisations that gain competitive advantage and achieve sustained success are most likely to be those that make the best use of the resources they have at their disposal. Human capital, the knowledge and skill residing in the workforce, and in this case the FLEs, is one of an organisation's most valuable resources. The FLE feedback framework provides a way to help maximise that resource, harnessing the abilities of its front-line employees to improve customer relations and help make their company's service delivery a success.