

How Empowering Customer-facing Employees  
Leads to Extraordinary Results

# Empowerment as a Growth Strategy

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# Empowerment as a Growth Strategy

## Executive Overview

If there's one constant in any business today it's pressure. There's pressure to compete, to grow revenues, and most of all to find the next big idea. Pressure can be the force that drives innovation and corporate excellence, or it can be the force that cracks a leadership team.

Dealing with pressure can also lead managers toward the temptation of taking complete control. The old adage "if you want to do something right, do it yourself" might start to sound attractive. But in today's customer-driven marketplace, tighter control on customer-facing employees may not be the best way to grow. A restrictive grip, in fact, may have the opposite effect. Implementing a strict set of policies and procedures across all customer-facing functions often stifles the one element that enables companies to break away from the pack and grow profitably and consistently. That element is employee-driven innovation. Simply stated,

innovation no longer emanates solely from the CEO's office. It exists on the front lines where your workforce interacts directly with customers, partners, and competitors. And the only way to harness it is to empower your front-line workforce.

In many customer situations, an empowered, engaged employee is a more productive and profitable one, as this white paper will show. Part of the process is a strategic, top down commitment to changing the culture of a company. "The way things get done," as one expert has described corporate culture, needs to be inclusive, creative, considerate of employee wellness, and rewarding. In short, an empowered employee works within a business democracy.

"Companies value their customer relationships, in business there are both simple and complex relationships. CRM must empower users to work above and beyond the traditional application boundaries and do the right thing for customers," says Anthony Lye, Senior Vice President, CRM Solutions at Oracle Corp.

There is a strong technology element to employee empowerment. All levels of management and customer-facing employees need to be empowered to serve the company on one hand, and the customer on the other. Databases and customer relationship management solutions must enable these types of "ad hoc," collaborative interactions to serve customers, but also the process-driven, transactional interactions that serve the needs of the organization.

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### Read this if...

You manage employees, design, or influence employee training programs, or manage customer data.

### You will learn:

- Some of the research and thought leadership around the benefits to developing employee empowerment programs.
- The importance of developing a technology solution to empower employees to increase customer value and manage critical "moments of truth."
- How HP has evolved and managed its employee empowerment solutions.

Equipped with the proper authority – and the right tools – customer-facing employees can influence those decisive moments with customers when business is won or lost.

Smart companies are rewiring their businesses to focus the procedural grip they have on key customer-facing employees only in the situations where it makes strategic sense, and the nature of the customer experience would benefit. These companies are using technology and other tools to help employees deliver an organization's best collective thinking during

each customer interaction. Among them is Hewlett-Packard (HP), which we will feature in this white paper. We will also explain why empowering your key customer-facing employees is the new path to achieving extraordinary, sustainable results, and we'll provide four best practices on how to do it:

1. Empower Both People and Process
2. Use the Right Tool for the Job
3. Take Out the Trash
4. Provide Decision Support to the Moment of Truth

**“Companies value their customer relationships, in business there are both simple and complex relationships. CRM must empower users to work above and beyond the traditional application boundaries and do the right thing for customers.”**

– Anthony Lye  
*Senior Vice President,  
CRM Solutions, Oracle*

## Empowerment Shortage

Empowering front-line employees makes financial sense. In 2005 the research firm ISR studied the impact of employee engagement on the bottom line for hundreds of companies. It found that in companies with high levels of employee involvement in processes of innovation and planning, operating income improved by 19.2 percent over 12 months. In companies with low levels of engagement it declined by 32.7 percent. But many businesses have used the pressures of modern-day business as a clarion call to tighten, not loosen, their control over employees. They cite centralization as a way to maintain cost efficiencies, thus maximizing profits and keeping shareholders content. Don Peppers, co-founder of Peppers & Rogers Group, calls it a “crisis of short-termism.”

While the crisis is easy to identify, it's difficult to resolve. Those short-term pressures are real. They force executives to choose between containing costs and investing in innovation. The pace of change, however, has made innovation and competitive differentiation more of an imperative than ever. “The bar is being raised all the time. Organizations are always getting better, but so is the distance to their version of nirvana,” says Jennifer Rosenzweig, Global Employee Practice Leader at Carlson Marketing. “You

continually need to innovate or you'll never reach the finish line.”

Not convinced? Consider the lessons from Home Depot. When Robert Nardelli took over as CEO in December 2000, he instituted a rigid command-and-control structure – a far cry from the decentralized environment that founders Bernie Marcus and Arthur Blank had cultivated in building Home Depot into a retailing juggernaut in the 1990s. For a while, Nardelli's strategy worked, as Home Depot revenues grew from \$46 billion in 2000 to more than \$81 billion in 2005. But problems lurked. Staff turnover skyrocketed, particularly among managers. Home Depot's customer satisfaction scores fell (in the University of Michigan's American Customer Satisfaction Index, the company scored lowest among major U.S. retailers in 2005). Some staffers described a “culture of fear” that left managers more concerned with making their plan than serving customers.<sup>1</sup>

With Home Depot's stock price stagnating (and amidst an uproar over Nardelli's exorbitant compensation package), the board of directors replaced the CEO in January 2007 with Frank Blake. One of Blake's first moves was to redistribute copies of the company's historical hierarchy: which resembled

an inverted pyramid that showed customers and employees above the chief executive in the pecking order. It was a symbolic gesture, but an important one in Blake's efforts to refocus the company on empowering its employees and its customers.<sup>2</sup>

"Companies historically used applications to tell employees how to do great things – 'the perception was the application was smarter than the person,'" says Lye. "That approach is broadening to accommodate a new 'consumable' model in which employees are given the tools and the flexibility to do great things across departmental and company boundaries."

One of the obstacles in employee empowerment technology solutions has been the use of the wrong type of system for the wrong type of employees. Enterprise customer relationship management (CRM) and sales force automation (SFA) systems have been invaluable in helping organizations automate their processes for collecting and analyzing customer data. But many times these systems put a heavy burden on front-line personnel, who are forced to conform their practices to corporate standards – without any obvious payback for their efforts. For example, when salespeople are forced to use a system that is designed to meet the needs of executives, adoption suffers and CRM results are diminished substantially.

The challenge, then, is not the volume of information flowing through an enterprise, but the fact that many employees are rewarded for following organizational rules, not for following opportunities to serve customers better. That model is designed primarily to enable strategic decisions and end users are in many cases an afterthought. Many traditional CRM systems serve the needs of executives who set strategy and need to understand patterns and trends with their customers. But these systems are not designed to enable front-line customer-facing employees – who don't need trend information as much as they need latitude – the right freedom to make a tangible difference. "The people at the front lines are in a much better position to find opportunities to react and adapt,"

says Lye. "But if they don't have the latitude to act, then the organization pays the price."

Consider a typical call center representative, whether she's in Bangor, Maine or Bangalore, India. Her objective – is to resolve an issue and terminate a call as quickly as possible. Depending on the industry, she may also be tasked with a couple of boilerplate cross-sell offers. Her primary tool is a rigid script of talking points and process steps. She has no authority to go "off script" to make a special offer to a specific customer based on his purchase history or his immediate problem.

"Companies make things so opaque that even the best front-line agents have no ability to influence a customer interaction, create a positive experience, and share this real time best practice," says Lye. "There are a lot of smart people supporting customers, but they have limited empowerment. Traditional CRM systems are designed to keep the user within the strict boundaries set by corporate process – smart people can drive innovation and efficiency."

Empowerment in and of itself, however, won't help your company grow if front-line employees don't have the tools to help them react in an appropriate way at the moment of truth. Implementing these tools in a way that strikes the proper balance between front-line empowerment and back-end control is the key to a successful innovation strategy. The following best practices will help you get started.

### Attributes of the Empowered Employee

**ENGAGEMENT:** More transparency into a company's objectives, business rules, and processes makes employees more engaged – and more motivated to help the business succeed.

**BALANCE:** Empowered employees will act in the best interests of the customer while staying within the boundaries of corporate standards. If a customer has to wait too long for her coffee, the store manager will know to give her a free cup on her next visit – but not free coffee and muffins for life.

**ADAPTABILITY:** A well-implemented knowledge system provides feedback loops for employees to learn from others and from their own mistakes. Over time, they will develop the skills to easily work through a variety of different customer situations, supported by the collective knowledge of the organization.

# Best Practices for Employee Empowerment

## 1. Empower Both People and Process

Exposing business processes to the front-line worker and providing the latitude to improvise is the essence of empowerment. This approach is quite a departure from traditional process-improvement initiatives, which lack standard processes for employees and then deliver them in prepackaged (and unalterable) form.

“Things like Lean Manufacturing and Six Sigma are certainly important for creating some structure and common languages and processes, but if you empower the process instead of the people, you’re missing a huge opportunity,” says Rosenzweig.

A better option – one that will nurture front-line innovation – is to identify a core set of tasks that employees perform most frequently and provide the freedom to collaborate with and on behalf of the customer to solve problems within the bounds of corporate guidelines. The ability to work inside business processes, but also adapt to changes locally, is critical to allowing knowledge

workers to both respond quickly to pressing customer-related issues and maintain adherence to corporate standards.

Successful companies are leveraging technology advances to expose core business processes to everyone in the organization – and then enabling employees to adapt those processes for maximum efficiency. “With so many CRM programs, the biggest mistake I see is assuming that once you’re done with the deployment, the technology will solve the problem,” says Kevin McBride, Global CRM and Sales Information Manager at Hewlett-Packard Co. “But without business process consistency and a global drive to operationalize those processes, it’s just a technology implementation. It won’t mean anything until you’ve sat down with real users and had process-changing discussions. Until you’ve done that, you won’t get any return.”

## 2. Use the Right Tool for the Job

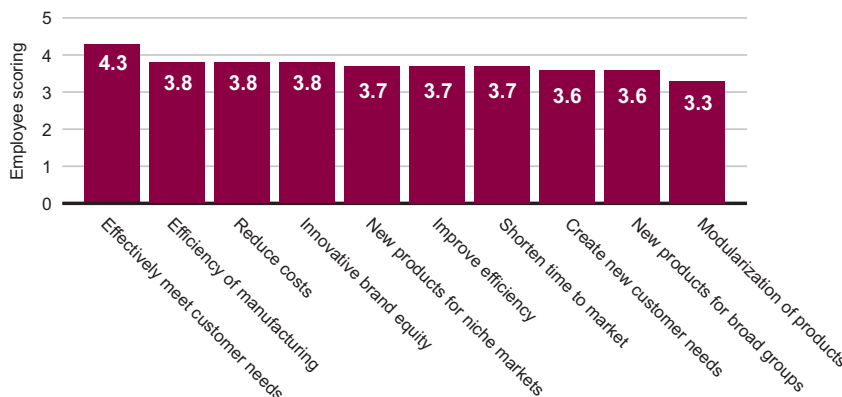
As McBride notes, business processes in CRM

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– Kevin McBride,  
Global CRM and Sales  
Information Manager,  
HP

### Investing in Single View

A 2005 Arthur D. Little survey showed that employees that had a chance to give their input about their company’s new ideas cared the most about developing those ideas around the customer. The numbers shown are indexed. **The top possible score is 5.**



Source: Arthur D. Little

systems typically are set once, and usually set in stone. If this is the only CRM system that is available to employees on the front line, it can be too rigid and brittle to improve many types of customer relationships.

For example, a sales associate that is working for several months to sell a large, complex industrial solution to a client will not be able to utilize a strict set of tasks or activity plans to improve the relationship with his customer. His selling is largely 'ad hoc' and the activities that constitute his day-to-day work experience vary considerably. For this type of sales rep, using a strict "process-driven" CRM system is difficult, time-consuming and in the end, does not help him sell. In many respects, it hinders his ability to work quickly and effectively on behalf of his client.

Compare this with a telesales operation, perhaps in the same company. The telesales reps have a much higher volume of business, often selling smaller items at a lower cost. Their success depends on volume and the ability to contact customers quickly, decide which are the best prospects, and move on if it appears a sale is not likely. Their work is highly process oriented and there is a premium on consistency and efficiency. A 'process driven' CRM system is useful and in many ways necessary to ensure that customer service is consistent.

Therefore, companies that wish to empower their employees must consider the purpose of the business unit or team that is using CRM. The result will be a "dual purpose" system that gives either structure or latitude to front-line employees as the situation demands – not a blanket prescription for all customer interactions. "It's a realization that one size does not fit all, and that different situations require different solutions," says Mike Betzer, Vice President of CRM Product Strategy at Oracle Corp.

What does this knowledge system look like? There are three must-have elements:

- A 'consumable' option for front-line

employees who need a fast solution that can be tailored and managed by end-users.

- A 'strategic' option for situations that require adherence to corporate customer-service standards or selling processes.
- A common foundation to ensure a single view of the customer across the organization.

Ensuring a common foundation is an important consideration. The ability of an organization to systemically improve and gain competitiveness is often directly related to the ability to serve customers better and improve the customer experience. Without an accurate, comprehensive, and up-to-date view of customer information across all customer touchpoints, this goal becomes more and more difficult – and costly – to attain.

In addition to a complete customer profile, there are many functions that need to be shared throughout the organization, regardless of how the front-line employees interact with customers. Sales forecasts, for instance, will transcend usage models. Sales organizations selling 1:1 to a global Fortune 500 account will need to merge their revenue forecasts with the teams that are selling over the phone to hundreds of local accounts. "It's about consolidating customer information where it makes sense – and encouraging flexibility where it doesn't," says Betzer.

Such flexibility would enable regional sales organizations to readily adapt to local markets. Do the sales reps in one office call their customers "clients" instead of "contacts?" Do they have specific information that they track about their clients, such as preferences for local golf courses? Are they selling to customers that have unique attributes about their profiles, such as governments? If peculiarities exist, the sales teams can make the change directly in the system, and not impact the work of other regions.

Similarly, this flexibility enables top executives to build new corporate capabilities to transform key business processes of the organization. In

**"Breaking CRM tasks into more manageable pieces make data entry easier and increase the integrity of the information being put into the system. You'll no longer get garbage in."**

– Mike Betzer,  
Vice President of CRM  
Product Strategy, Oracle

order to improve the consistency of customer interactions, customer service can be consolidated into a central function and the processes for returns, claims, eligibility or cross-selling can be standardized, measured, and improved. In this model, divergence in process is slowly eliminated in favor of efficiency, measurability, and consistency of the customer experience.

### 3. Take Out the Trash

Empowering your organization may require a thorough housecleaning of the customer data that is clogging up your CRM system. Consider the salesperson who has to fill out 90 fields to create a new sales opportunity – inputting everything from industry designation to product interests. Aside from the obvious time sink for the sales team, these onerous systems create another problem. They inevitably fill up the CRM system with unreliable data. Harried sales associates will click on fields that don't relate to their prospect for no other reason than to get through the form as quickly as possible. There's no incentive for salespeople to take the time to input correct information, because they get nothing in return.

Over time, this data pollution spreads throughout the system, which makes data analysis difficult at best, inaccurate at worst. The solution? A wizard-like, business process interface, such as the one in Oracle's Siebel CRM 8 suite, that walks users through a series of questions, with each new query based on information from the previous answer. Identifying a prospect as a telecommunications company, for example, will launch a series of questions about trunk lines or base stations, while a pharmaceutical designation will walk the user through a set of follow-up questions related to trial phases and drug indications. By pushing business processes out to the desktop in a consumable format, organizational standards can be maintained, but not at the expense of CRM adoption.

When HP rolled out its first CRM system, it took the traditional approach: mandating that its sales and marketing teams use it. The data went into a corporate black hole. "The users had no real understanding of what was happening with the information," says McBride. Demanding that users enter the information with no promised payback is a recipe for neglect. "When you take that approach, you're not running your business using the information – the information is just there."

As HP's CRM system has evolved, so has its empowerment of front-line workers. Local managers can adapt to changes in their space by adjusting required inputs into the system on the

#### A Note About Privacy

Empowering employees does not mean that companies want to expose every piece of customer information to anyone across the organization. Personal data, particularly in industries such as healthcare, financial services, and government, must be guarded closely. In the B2B space, you don't want salespeople who are about to take a job with a competitor downloading your entire sales pipeline before they walk out the door.

A robust CRM system will include tools for screening out sensitive or confidential information, while still providing employees with a rich enough data store to do their jobs effectively. Oracle's Siebel CRM 8.0 suite, for example, enables different geographies to have different business rules for data security and consumer privacy to ensure compliance with local regulations.

fly, avoiding the need to submit a formal change request to IT. "Now, the sales teams are much more excited to enter in information, because we can give them important and relevant data in return," says McBride.

When business rules don't align with front-line processes, disconnects – and frustration – can bubble up quickly. McBride cites one simple example: "We used to have a field in our CRM system that required 15 steps to determine where you are in the sales cycle. But our salespeople used a seven-step process to determine the same thing." The problem was that each region had a

slightly different implementation of the process, and rolling up all the requirements into a single CRM system nearly doubled the required inputs. Working with the different groups to agree on a set of common definitions, McBride's team consolidated the process down to eight steps (one region has two options for one of the seven stages).

By streamlining standard business rules, companies can turn the data that front-line personnel enter – and the insights they receive in return – into more actionable information.

#### 4. Provide Decision Support at the Moment of Truth

There will always be parts of the business that cannot be legislated with a process or rule. These are often the moment-of-truth situations where customers are making decisions about considering a brand or buying a product. These moments of truth affect lifetime value. If a customer has a great experience, his lifetime value increases. Conversely, every bad experience ratchets down overall LTV – and tarnishes the brand as well.

The influence an employee has on these make-or-break situations cannot be engineered in advance. But a company can create a process that guides the employee to the right outcome. "A lot of [organic growth] ties back to employee engagement – those touch-point moments when you engage with the consumer to ensure that her needs are being met while also increasing her value to the company," says Rosenzweig.

While these moments can't be legislated, they can be anticipated. By implementing real-time analytics and decision-support tools, customer-facing employees will have guidelines that enable them to do the right thing more consistently during these interactions. Real-time analytics make recommendations that augment the ability of employees to make customer-focused decisions that produce better results. Decisioning systems can identify patterns and provide insight around a customer's expected next move that front-line personnel can

use to influence the preferred behavior.

For example, by examining disparate pieces of data culled from different systems – a savings account balance that surpasses a certain threshold, combined with the account holder's change in marital status, for instance – a bank's real-time decisioning system might conclude that an account holder is preparing to purchase a house. Armed with this intelligence, a call-center representative could offer a special interest rate for a home mortgage the next time the account holder calls with a request – a much more relevant offer than a standardized credit card pitch.

"Real-time decisioning is like having your best employee looking over your shoulder, recognizing that a significant moment of truth is occurring, and delivering the tools to your desktop to help you deal with that moment of truth," says Betzer.

A real-time decisioning system provides measurable benefits back to the organization as well. Because the decisions employees make are now visible, management teams can track how certain slices of data are used and get some transparency into the impact of the moment-of-truth moves they are making. Ineffective activities or processes can be adjusted quickly, while the most successful tactics can be shared across the entire organization.

Consider, for example, the employees working on the front lines in public sector organizations. These people are experienced and extremely knowledgeable about the programs they administer, be it health and welfare, permits, tax or any one of thousands of state, local, or national programs. They know how to help constituents navigate their government agencies, making them an invaluable resource. And what happens when they retire? Traditionally, they take that knowledge with them. An intelligent CRM system, on the other hand, allows these employees to put that knowledge back into the system, where others can leverage it. "This is a way to embed institutional knowledge – good CRM can be a catalyst for good government," says Betzer.

**"You need to blend a thousand points of small improvements with the strategic changes. It's the power of this combination that accelerates growth."**

– Anthony Lye  
Senior Vice President,  
CRM Solutions, Oracle



## Conclusion: Paving a Better Path to Growth

In many organizations, it is the task of the CEO and other members of the senior management team to find the next big business opportunity, or even the next business process improvement. But in today's rapidly changing environment, ideas that "bubble up" are often more frequent and more impacting than those that come from the "top down." "You need to blend a thousand points of small improvements with the strategic changes. It's the power of

this combination that accelerates growth." Anthony Lye, Senior Vice President of CRM Solutions at Oracle Corp.

Companies that leverage technology to capture customer inputs at the front lines, uncover new insights, and deliver the organization's best collective thinking during each customer interaction will be well equipped to achieve their short-term goals while laying a path for sustainable growth. ■

### Footnotes

<sup>1</sup> "Renovating Home Depot," *BusinessWeek*, March 6, 2006

<sup>2</sup> "Home Depot Gets a Fresh Coat of Less-Glossy Paint," *The New York Times*, Feb. 8, 2007

#### Oracle

Oracle (NASDAQ GS: ORCL) is the world's largest enterprise software company. Oracle technology can be found in nearly every industry around the world and in the offices of 98 of the Fortune 100 companies. Oracle's Siebel CRM On Demand delivers the industry's most complete subscription-based solution for sales, marketing, and service, providing organizations of all types and sizes with rapid time to business value. Oracle is the world's leading supplier of software for information management, and the world's second largest independent software company. Visit our Web site at: [www.oracle.com/crmondemand.com](http://www.oracle.com/crmondemand.com)

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Promero headquarters is located in Pompano, Florida.  
Telephone: 954-935-8800. Toll free 888-204-0822.

Contact: Sales [sales@promero.com](mailto:sales@promero.com)