

BIG IDEA

# Employee Experience and Customer Experience: Two Halves of the Whole Equation

Improving the Way People Experience Your Company,  
Inside and Out

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## EXECUTIVE SUMMARY

This report highlights the advantages of bringing together customer and employee experience, including technology investments, process ownership and outcomes. Organizations that treat these areas as two halves of the same whole will reap the benefits.

Executives should read this report to understand the challenges that organizations face if they take a siloed approach, as well as the benefits of creating a more seamless experience for people both inside and outside of their organization. We also provide recommendations on how to get started.

### Business Themes



Future of Work



Digital Marketing &  
Sales Effectiveness



Next-Generation  
Customer Experience



Technology  
Optimization

# SUCCESSFUL ENGAGEMENT UNIFIES CUSTOMER EXPERIENCE AND EMPLOYEE EXPERIENCE

What do your employees, customers, prospects and partners all have in common? They're all people who want to have the best possible experience with your brand. Getting those experiences right over time fosters strong engagement and durable, long-term relationships.

Regardless of the context—as a customer, an employee or other stakeholder—many of the experiences that define relationships are based on interactions. All of those interactions depend on some form of communication.

So, why do many companies look at the needs of employees, customers and even partners separately? Why are the communication tools organizations use for each group evaluated in isolation? How can the connection between these groups be improved? Questions like these prompted Constellation Research to study how organizations can improve experiences that affect employee and customer satisfaction.

By understanding both customer and employee needs, companies can use insight-driven experience design (IXD) to influence customer engagement, employee engagement and other stakeholder engagement. In this report, we focus on interactions among employees and between employees and customers, and the communication tools that support them.

## To Increase Engagement, Improve Interactions

Successful customer experiences rely on consumers feeling connected to the brands with which they engage. One thing is for certain: It takes only one bad interaction to spoil a good relationship.

Consensus in the academic literature shows a strong correlation between employee satisfaction and customer satisfaction.<sup>1</sup> Anyone who's ever worked in a contact center or called customer service needs no convincing. An unhappy agent usually leads to an unhappy customer. Happier employees make happier customers.

Improving experiences for both employees and customers requires first understanding their priorities and anticipating their needs. Customer understanding answers fundamental questions about their priorities, motivations and expectations. In the context of direct interactions, customers typically prioritize helpfulness, ease of communication and quick resolution of their questions or issues.

Employees' needs and priorities are different. Staffers expect to feel trusted to make the right decisions and confident that their opinions and ideas are being heard. They need tools and processes in place that facilitate easy and open communication, whether internally or with customers.

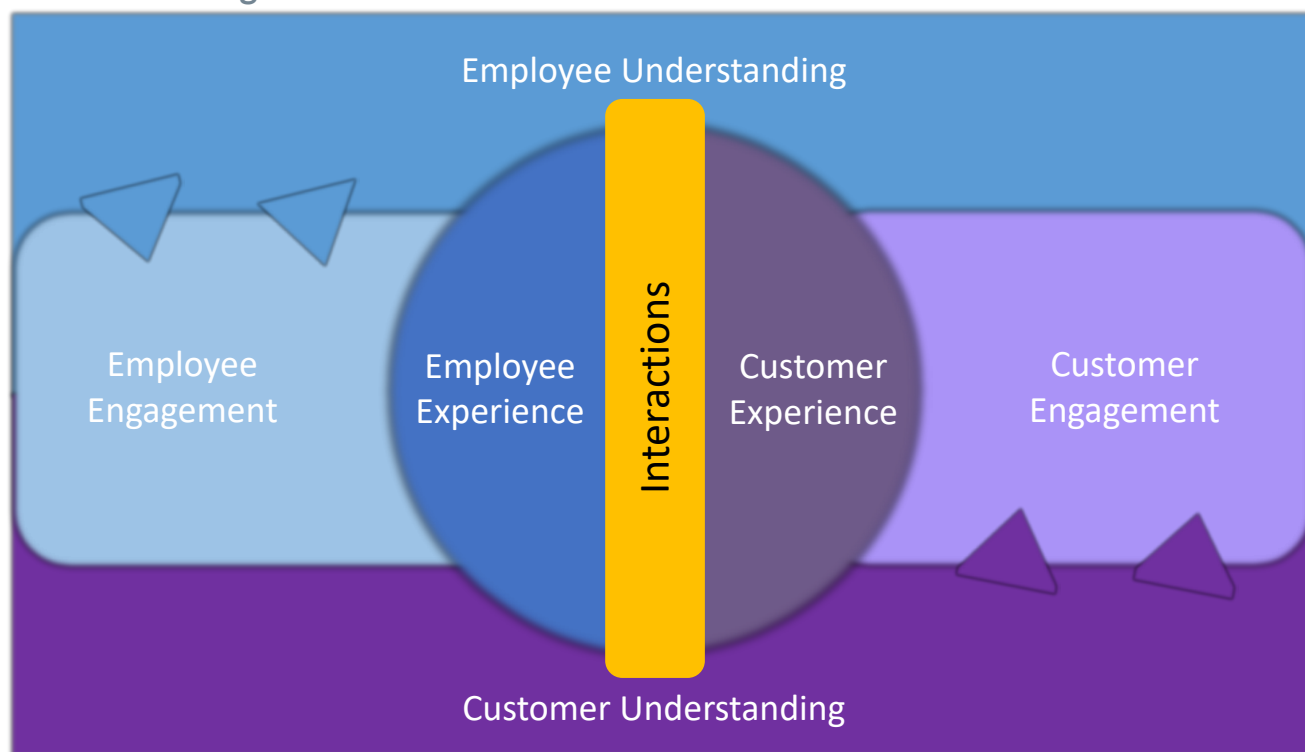
For both employees and customers, communication is a consistent thread—and a key driver of engagement.

We observe three elements or stages of employee and customer relationships (see Figure 1):

- **Interaction:** This is where direct communication happens. Interactions span the spectrum of marketing, sales and customer service. Modes include everything from human-to-human interaction, such as through call centers, forums and social networks, and human-to-machine interaction, such as chatbots, websites, knowledge bases and product catalogs.
- **Experience:** Whether for customers or employees, experience is the sum of interactions and other aspects of the relationship, such as brand perception and consistency between brand promise or expectations and actual experiences.
- **Engagement:** Engagement describes the overall disposition toward the relationship. Where engagement is strong, there is a willingness to interact and a sense that a genuine relationship exists and benefits both sides.

All are underpinned by understanding. For both groups, effective understanding identifies key objectives—say, getting a speedy resolution to a customer problem—and points to the most effective means of achieving them.

**Figure 1: For Interactions That Create Positive Experiences and Drive Engagement, Start with Understanding**



Source: Constellation Research

## AVOID OVERLOAD BY STREAMLINING INTERACTIONS

Choice is good, overload is not. Customers today expect to interact with businesses through whatever channel and device they find most convenient at a given moment in time. That spans everything from social media and in-app messaging to traditional channels such as phone, email, text and online chat. More importantly, customers also expect consistency in those communications across channels and interactions.<sup>2</sup>

Providing customers with the option to communicate with you in whatever way they prefer is definitely a good thing. At minimum, it makes communication easier. It also demonstrates your commitment to understanding and supporting their preferences. At its best, omnichannel communication makes your business so easy to deal with that customers hesitate to go elsewhere.

Too often, however, the burden of managing all of the choices that make life easy for customers falls to employees. All those channels make life hard for employees. And that's just customer-facing communications.

Internally, employees are overloaded with too much information, coming from too many channels and too many people. In a typical workday, employees may find themselves using email, chat, file-sharing, project management, social networking and video-conferencing applications as well as several business applications such as customer relationship management (CRM), marketing automation and customer support. Switching back and forth between these applications is complicated and unproductive, and it often leads to errors.

While technology has increased our ability to reach people, both inside organizations and out, it has also created new challenges. The problem is getting worse. More tools and communication channels are always being added, such as voice assistants and augmented or virtual reality.

Limiting the number of choices for customers isn't an option. Instead, companies must identify ways of consolidating communication channels for customer-facing employees and streamlining internal communications for all employees.

This may seem like a tactical approach to a strategic problem. Instead, it's a practical and pragmatic answer to an issue that already is spinning out of control.

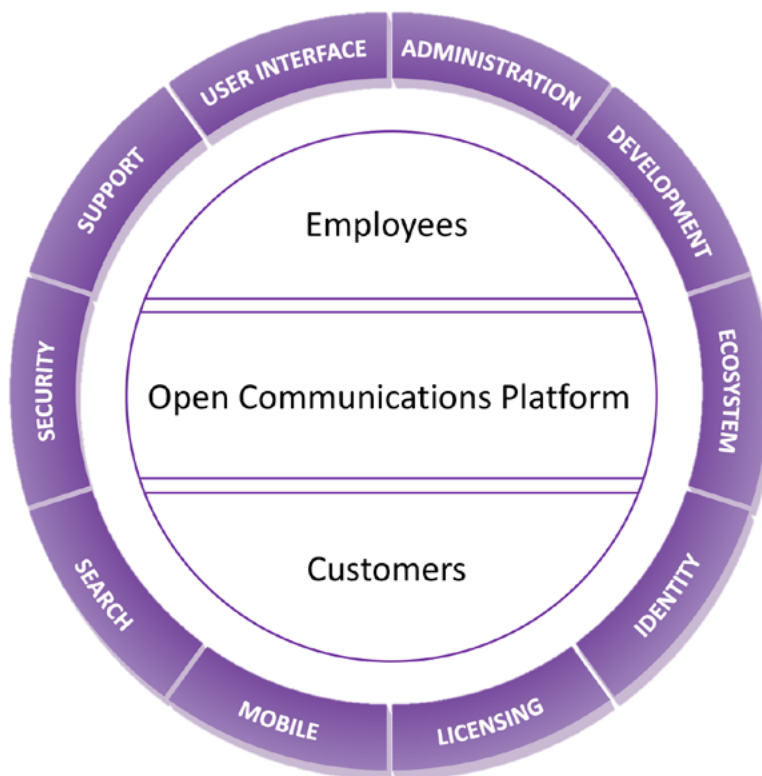
In our view, consolidating and streamlining the communication interface—the means through which employees interact with both customers and each other—offers a multitude of benefits.

On a strategic level, this makes it possible to integrate other information sources and capabilities. Digital assistants and other artificial intelligence (AI) tools can recommend next-best actions, for example, based on the context of discussions in progress as well as other complementary information about the customer. This approach can have a dramatic, positive impact on both employee and customer experience. Streamlining your communication tools improves management and administration

of these systems as well. A few of the key benefits of an open platform communication approach (see Figure 2) include:

- **User interface:** A common user interface reduces costs in training and support, and simplifies any customization required for branding, such as modifying colors or company logos, because it needs to be done only one time.
- **Administration:** Setup, deployment and user/group management for a single platform eliminates the need for complicated and expensive sign-on and synchronization solutions.
- **Security:** Roles and access levels are enforced across a single infrastructure.
- **Licensing:** A single vendor to deal with and a single licensing renewal schedule.
- **Support:** One vendor to deal with, no uncertainty regarding whom to connect with when an integration breaks.

Figure 2: A Single Platform for Employee and Customer Experience



Source: Constellation Research



## GENERATE BENEFITS THROUGH A UNIFIED APPROACH

Employees are already navigating a labyrinth of tools and systems. The challenge is particularly overwhelming for customer-facing employees, where providing a timely response can be critical. Customer service and contact center employees feel this pain acutely. Customer service agents alone may use anything from two to 12 apps on a daily basis to do their jobs.<sup>3</sup>

Open APIs, pre-built integrations, cloud-based services and low-code/no-code interfaces offer enterprises a wide range of options for streamlining communications. Gone are the days of investing in a monolithic suite in order to get an integrated set of capabilities. Instead, companies can choose the most appropriate interface for their organization, integrate other critical applications and data, and build any additional workflows or integrations required.

This isn't so much a technology platform as a conceptual one. The main interface that makes it easy for employees to communicate with each other and with customers becomes the central application into which everything else—data, channel or functionality—should be integrated.

A single interface—in essence, an open platform—can bring together multiple forms of communication and collaboration, including email, chat, voice, video and task management. It can also integrate with critical line-of-business applications such as CRM, marketing automation and customer support.

### Eliminate the Costs of Switching Tasks (and Tools)

Switching between tasks—and tools—reduces efficiency and increases the potential for errors. A growing body of psychology research into the impact of multitasking<sup>4</sup> consistently shows that it takes more time to complete tasks when switching between them than focusing on one at a time. The time required increases as the tasks increase in complexity and decrease in familiarity. That can range from a few seconds up to 40 percent of a person's productive time, according to David Meyer at the University of Michigan.<sup>5</sup>

As we increasingly automate routine customer inquiries, the role of customer service agents is shifting to solving problems that are more complex and often less well understood. Unless we address the

multitude of tools and tasks required to respond effectively to more complex customer queries, we still won't significantly improve productivity. We certainly won't help service agents feel like they're doing a better job.

Additionally, switching between applications negatively affects consistency and accuracy. Each time you switch between applications, context is lost. This leads to copying and pasting or manual data entry, which often leads to errors.

## Break Down Departmental Silos

It's all so simple on the org chart. Marketing manages branding, drives awareness and outbound communications, and initiates relationships with customers. Sales shapes deals and gets customers to sign on the dotted line. Customer service handles customer issues, problems and queries. If only it worked so easily in reality.

What happens if a customer tweets a major criticism? Or kudos? Consider what happened when Southwest Airlines flight 278 skidded off the runway at Hollywood Burbank Airport in bad weather in early December 2018. One passenger on the plane tweeted about the close call, praising the pilot. A Twitter follower had seen the incident and similarly tweeted praise. Then came a tweet from the Southwest handle commenting on the great pilots that ensure customer safety and inviting the passenger to be welcomed aboard again soon. It was deleted soon thereafter.<sup>6</sup> Considering that the incident would be investigated by the Federal Aviation Administration, the deletion comes as no surprise.

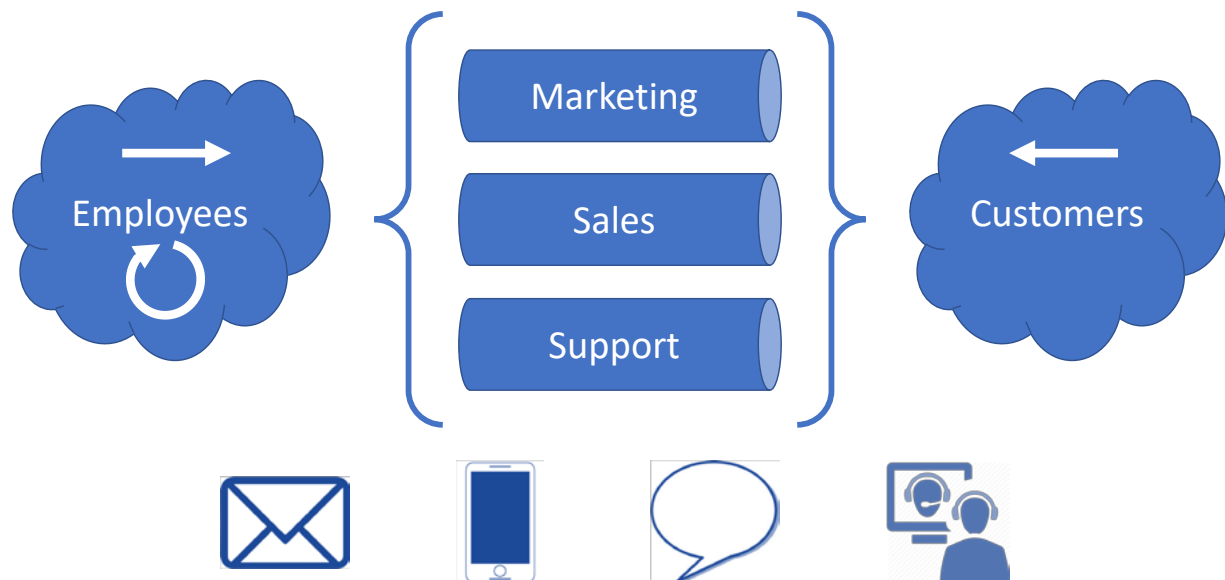
While we can debate the merits of the Twitter response from Southwest on the day, the bigger question is this: Could Southwest have responded more appropriately if the company were better equipped to manage communications across channels and departmental silos? If the content of the tweet had been critical, it might have gone to customer service instead of marketing. In all likelihood, the response would have been different as a result. On a human level, no employee wants to be the one whose tweet draws scrutiny from the regulator or potential liability.

The challenge is by no means unique to Southwest. This example just happens to be in the public domain. (For the record, these authors have well-deserved faith in Southwest pilots, too!) Few companies in a similar situation would have had the ability to respond more effectively. As this example illustrates, it's a question of having both the policies and the tools to identify the context, consult internally on the appropriate response—whatever that might be—and execute it quickly.

## Unify the Experience Across Business Use Cases

The lines between departments are blurring. Similarly, the lines between internal and external interactions are also breaking down. It is here at the heart of what employees work on where bringing together customer experience and employee experience provides the most measurable benefits (see Figure 3).

Figure 3: A Unified Experience Across Business Use Cases



Source: Constellation Research

- 1. Marketing:** As members of the marketing team work together to create messaging, campaigns, advertisements, promotions and content, it makes sense to have them use the same tools internally as they do externally. This enables them to easily engage with agencies for creative context creation and customers for feedback and ideas.
- 2. Sales:** Instead of switching between multiple tools, the use of a single platform when prospecting, building relationships within accounts, responding to RFPs, signing contracts and the like speeds up client interactions and reduces errors. Enabling sales and customer service to be part of the same conversation shortens internal feedback loops and improves customer interactions.
- 3. Customer support:** Your help desk is often the first line of contact with your customers. Using a single unified set of communications tools enables customer support to easily collaborate with the people they need to quickly resolve cases. That includes other support specialists as well as product experts, whether in product marketing or development teams.

## FIVE ACTIONS TO MAKE SEAMLESS EXPERIENCES POSSIBLE

Technology has tremendous potential to bridge internal silos, improve the work environment for customer-facing employees and facilitate customer interactions. Tools that consolidate customer communication across multiple channels must operate in conjunction with tools that facilitate internal employee collaboration. For them to be truly effective, however, enterprises must think beyond the tool set to the people and process considerations that shape their use.

These five actions will improve the work environment for employees and improve customer experience as a result:

### 1. Focus on understanding before engaging.

As we detail in “Customer Understanding: The Key to Insight-Driven Experience Design,”<sup>7</sup> the most important first step to shaping experiences, whether for customers or employees, is to understand and anticipate their needs.

Start with customers. Harness the many disparate signals and insights from across your organization to build a common, consistent understanding of customers that helps you to anticipate their needs. This means understanding the intent of their actions (why they do what they do), not just predicting their actions. Here AI and machine learning tools offer tremendous potential to mine existing data for context that might otherwise be missed.

Then take a similar approach to customer-facing employees. What are their priorities, motivations and obstacles? How are they empowered to make decisions? Do they have the information they need at the right time to interact effectively with customers? With each other?

With this model in mind, reassess the roles each function or department has with customers. Consider how they should interrelate and fit together. Focus on the outcomes your customers seek and what enables your employees to deliver them, not just the easiest way for your organization to operate. If you do things right from the planning stages, customers—and employees—will reward you with engagement.

## **2. Design workplaces to span the entire process.**

Designing effective customer experiences requires rethinking traditional silos, particularly in marketing, sales and customer service. Cross-functional, cross-silo workflows demand different ways of working. This involves closer communication and greater coordination across teams and departments. We describe this as hyper-collaboration. It is as much a way of working as it is the tools that enable it.

Content and conversations take place together, reducing the challenges that arise when switching back and forth between multiple applications. Hyper-collaboration enables teams to brainstorm, share knowledge, work on projects and make decisions faster, more accurately and more consistently. Creating these digital workplaces facilitates better collaboration among teams and departments, making it easier for customer-facing employees to do their jobs.

Facilitating employee work is one part of the experience equation. The other is integrating customer communication channels. By incorporating both traditional and social channels into shared workspaces, all customer-facing employees can more easily interact and engage with customers, as appropriate. Not

only can employees collaborate faster and more effectively, they can also determine the best person or people to interact directly with customers as needed.

### **3. Put tools and platforms in place that eliminate silos.**

Since changing ways of working is such a critical part of creating effective employee and customer experiences, choosing an appropriate strategy for selecting and implementing the right tools is equally important. Behaviors may be more important than tools, but the wrong tools can severely hamper the right behaviors.

The rise of open platforms makes the decision between product suites or a “best-of-breed” approach far less of an issue. Instead, it’s possible to integrate line of business systems and other functionality into collaboration interfaces with a wide range of capabilities.

The biggest challenge to overcome is creating too much complexity for employees. To simultaneously improve employee and customer experiences, the most appropriate platform for the job should incorporate a range of collaboration tools, unified communications, customer communication channels and the ability to integrate with other core customer information systems. In addition, look for the ability to dynamically create and manage workflows through low-code/no-code interfaces.

### **4. Enable, encourage and reward cross-team collaboration.**

Designing customer and employee experiences that improve outcomes on all sides won’t happen without major change. That change ranges from new priorities for individuals and teams to major organizational changes and different ways of working. As ever, such change requires the right incentives to succeed.

Provide the right tools to all customer-facing employees. Hyper-collaboration and customer responsiveness aren’t limited to certain roles or job titles. Enabling employees to make better decisions for customers is a key part of increasing satisfaction on both sides.

While human resources (HR) or human capital management (HCM) apps aren't likely to be directly integrated into communication platforms in most organizations, there's still a strong alignment between the two. HCM applications can help reinforce change management through monitoring employee perception and offering peer recognition. HR organizations can also identify people who work across teams and act as catalysts to drive new communication behaviors.

Part of buying in to significant change is getting positive reinforcement. Encourage and recognize where employees adopt new ways of working. Recognition plays a central role in promoting positive change.

Align incentives to outcomes, at all levels. Whether the target is using tools effectively or adopting new workflows, employees need a range of nudges and encouragement. Incentive plans and compensation provide powerful motivators as well.

## **5. Measure, review and refine.**

Aligning customer experience and employee experience is an iterative process. There are huge gains to be made, but they won't all come in the first pass. Define a set of measures to determine progress toward your objectives for customer and employee outcomes. These should include operational metrics as well as employee and customer satisfaction measures. Review and adjust along the way.

## **EXPERIENCE DRIVES ENGAGEMENT—AND RESULTS**

Happy, loyal customers and contented, fulfilled employees have a direct impact on business results. Integrating employee and customer experiences, streamlining communications and enabling new, more responsive ways of working significantly achieve both. Technology tools now exist that can facilitate this change. The right tools, when applied to people-centric objectives, make the human connection that builds even stronger businesses.

## ENDNOTES

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<sup>1</sup> The authors of the first two citations below point to a positive correlation and relationship between employee satisfaction and customer satisfaction. The author of the third citation, however, finds no empirical relationship between the two, despite a literature survey that suggests such a relationship exists. Study design is likely the most important determinant of these diverging results. Prevailing opinion holds that employee satisfaction has a strong correlation with customer experience, but customer satisfaction has only a weak correlation with employee satisfaction.

Angelos Pantouvakis and Nancy Bouranta, "The Interrelationship Between Service Features, Job Satisfaction and Customer Satisfaction," *The TQM Journal* 25, no. 2 (2013): 186-201.

Hoseong Jeon and Beomjoon Choi, "The Relationship Between Employee Satisfaction and Customer Satisfaction," *Journal of Services Marketing* 26, no. 5 (2012): 332-341.

Dorothea Wahyu Ariani, "Employee Satisfaction and Service Quality: Is There Relations?" *International Journal of Business Research and Management (IJBRM)* 6, no. 3 (2015): 33-44.

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<sup>2</sup> Cindy Zhou, "How Communications Platforms Drive Customer Engagement: Today's Digital Customer Requires Organizations to Deliver Multichannel Engagement," Constellation Research, February 16, 2018. <https://www.constellationr.com/research/how-communications-platforms-drive-customer-engagement>

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<sup>3</sup> Source: thinkJar research.

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<sup>4</sup> An overview of research into the costs associated with multitasking was published by the American Psychology Association in 2006, titled "Multitasking: Switching Costs." <https://www.apa.org/research/action/multitask>

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<sup>5</sup> Ibid.

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<sup>6</sup> Dawn Gilbertson, "Southwest Plane Skids off the Runway in Rainy Weather in California," *USA Today*, December 6, 2018. <https://www.usatoday.com/story/travel/flights/2018/12/06/southwest-airlines-plane-skids-off-runway-burbank-airport-california/2226932002/>

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<sup>7</sup> L. Nicole France, "Customer Understanding: The Key to Insight-Driven Experience Design," Constellation Research, February 6, 2019. <https://www.constellationr.com/research/customer-understanding-key-insight-driven-experience-design>



# L. Nicole France

Vice President and Principal Analyst

L. Nicole France is Vice President and Principal Analyst at Constellation Research, focusing on digital marketing, sales effectiveness and customer experience. Her research examines the interrelationship between sales, marketing and customer engagement and how to make it work effectively. She focuses on the migration path from traditional CRM to next-generation customer engagement strategies. Her work helps both vendors and enterprises to get the most from their investments.

With over 20 years of experience as both a technology analyst and marketer, France has a unique perspective on the trends and practicalities of effective customer engagement. Throughout her career, she has focused on successfully adopting technology capabilities and the transformative impact they have for customers. She has held wide range of marketing roles, including market intelligence, offering marketing, industry marketing and C-suite thought leadership, at *Fujitsu*, *Equinix* and *Cisco*. France was previously a research director at *Gartner*, which she joined through the acquisition of *G2R*, and senior editor at *ITSMA*. France has a Bachelor of Arts in Political Economy from the University of California, Berkeley.

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## ANALYST BIO

# Alan Lepofsky

Vice President and Principal Analyst

With almost two decades of experience in the collaboration software industry, Lepofsky helps organizations improve the way their employees work together to get their jobs done more effectively. His primary research area, *The Future of Work*, includes:

- Integrating collaboration and business processes, or Purposeful Collaboration
- Structuring work with Work Coordination Platforms
- Leveraging analytics and digital assistants to work more productively
- The strategic impact of mobile computing on business transformation
- Measuring workforce culture based on Digital Proficiency instead of age

Since 1993, he has been designing, marketing and helping customers deploy software solutions that enable people to connect with their peers and openly share information. Prior to joining Constellation, Lepofsky spent three years as Director of Marketing at *Socialtext* and, before that, 14 years in a variety of roles at *IBM/Lotus*.

He is an active blogger and speaker in the “Social Business” and “Future of Work” communities, where he shares his thoughts on the business benefits of open communication and collaboration. He graduated from the University of Toronto with a B.A.Sc. in Engineering. His major was Mechanical Engineering with a minor in Business and Entrepreneurship.

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# ABOUT CONSTELLATION RESEARCH

Constellation Research is an award-winning, Silicon Valley-based research and advisory firm that helps organizations navigate the challenges of digital disruption through business models transformation and the judicious application of disruptive technologies. Unlike the legacy analyst firms, Constellation Research is disrupting how research is accessed, what topics are covered and how clients can partner with a research firm to achieve success. Over 350 clients have joined from an ecosystem of buyers, partners, solution providers, C-suite, boards of directors and vendor clients. Our mission is to identify, validate and share insights with our clients.

## Organizational Highlights

- Named Institute of Industry Analyst Relations (IIAR) New Analyst Firm of the Year in 2011 and #1 Independent Analyst Firm for 2014 and 2015.
- Experienced research team with an average of 25 years of practitioner, management and industry experience.
- Organizers of the Constellation Connected Enterprise—an innovation summit and best practices knowledge-sharing retreat for business leaders.
- Founders of Constellation Executive Network, a membership organization for digital leaders seeking to learn from market leaders and fast followers.



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