

# How Employee Experience Drives the Customer Experience and Fuels Business Growth

by [Peter Dorrington](#),

Chief Strategy Officer at [Anthrolytics](#).

On the 26th of October 2023, I was honoured to give a keynote presentation at the Future of Work conference in Nicosia, organised by Boussias Cyprus.

As someone with over 25 years of experience in employee and customer analytics. I talked about how to adopt a data-based approach to understanding the link between the employee experience, customer experience, and the impact of both on the bottom line; a field which is often made complex because of the difficulty in obtaining objective and quantifiable measures of performance.

In a competitive business environment, companies are increasingly recognising the importance of both employee experience (EX) and customer experience (CX). However, the relationship between EX and CX is often complex and multifaceted. That said, there is a strong connection between the two, and both can have a significant impact on business results. Companies that focus on improving EX as well as CX are well-positioned to succeed in a competitive business environment.

Employees who have a positive EX are typically more engaged, motivated, and productive, which also often leads to better customer service. In turn, customers who have a positive customer experience are more likely to be loyal and repeat purchasers - preferring your brand over others and spending more over time. For example, a study by Bain & Company found that a 5% improvement in customer loyalty can lead to a 25% increase in profits.

An employee's experience is the sum of all their observations, encounters, and feelings that they have before, during and after their engagement with an employer and across all touchpoints. It is important because the employee experience can affect every aspect of their work. For example, let's examine one facet of how the employee experience can impact customer experience.

## The staffing crisis has hit the bottom line

Changes in where and how work takes place is already having an impact on the employee experience and oftentimes a negative one; dissatisfied employees are more likely to be less productive, take unplanned absences, or to resign. Constant staff turnover impacts the ability of all employees to deliver a good customer experience - even if they are doing the best to cover for missing roles, and disappointed customers are usually less loyal, spend less, and are more likely to talk negatively about your brand. The combination of increasing employee costs and falling revenues is putting a direct pressure on the bottom line and this impact is quantifiable and predictable.

For example, there is a direct, and measurable, link between employee tenure and customer satisfaction; less experienced employees can take longer to handle customer interactions and to deliver the outcomes that customers are looking for. Frustrated customers are then more likely to churn or decrease their future spend.

## What employees value now

All employees are looking for a combination of factors that satisfy both their psychological (or emotional) needs, as well as their practical ones, and these motivate them to exhibit the behaviours that both customers and employers value. Employees want to feel a sense of purpose and that they have a clear mission, they also want to have realistic goals which are aligned to their values. In

addition to which, they would like to get recognition and meaningful feedback, and have some empowerment or agency over their work lives. It is no longer just enough to offer decent pay and benefits.

### The link between employee experience and customer experience

Employee experience impacts every aspect of the customer experience that they can deliver and includes how they learn, what they can recall, their ability to approach new challenges, and their creativity and capacity to adapt to new situations, and especially acting with autonomy.

Highly motivated and engaged employees tend to stay longer too, because of which they build up their experience base so that they can deliver customer experiences which combine competence with compassion (empathy). When customers are dealt with compassion they evaluate those experiences more highly, which in turn influences not only how loyal they are (how long they remain customers) but also their economic activity (how much they spend over that period). This increased tenure and economic spend impacts the bottom line by both increasing revenues and decreasing costs.

### The role of 'digital employees'

Today, many organisations are looking to automation and Artificial Intelligence (AI) to supplement their existing workforce and deliver improved customer experiences. E.g., existing employees can be augmented by Robotic Desktop Automation (RDA) that helps them find resources that make their jobs easier and complete tasks more quickly. Advanced techniques like Predictive Behavioural Analytics can also give them a predictive insight into how customers may be feeling, so that they can establish rapport more quickly and treat customers with the empathy they crave. At the same time, customers can use Robotic Process Automation (RPA) to self-serve for routine tasks quickly and with human interaction.

However, we must also be aware that when we use automation and AI to do all the routine, transactional tasks, those tasks that remain are likely to be unique, complex, and often reliant on 'human skills'; in other words, they require a more intense focus and experience. If an employee is working on this kind of task all the time it can be exhausting. If there is no relief from this workload employees will quickly burn out and we're back to being faced with high staff turnover. Therefore, it is up to employers to ensure that the workload is balanced, with adequate periods of rest and recovery. Improving staff resilience alone is not enough as we all have limits to our endurance.

### Calculating the Rol of improved employee experience

Replacing and training the employees who have left can be expensive, and as discussed before, employees who aren't yet fully competent often deliver an inferior customer experience.

For example, an organisation that has 500 employees, with an annual staff attrition rate of 10% needs to replace 50 staff members every year, and that doesn't come cheaply. Even taking the most conservative estimates, the direct cost of hiring and training new employees can be over €100,000 per year.

In addition to which, the impact on the customer experience can also be substantial. If that same company has 100,000 customers that typically spend €200 and has a customer attrition rate of ten percent per year, the direct revenue loss alone can be more than a million euros, with sales and marketing costs of over 1 million euros just to keep the total number of customers stable.

Other factors to consider include lower productivity, higher transaction processing times, more errors and waste, increased call-back rates, and many others – all of which can be calculated.

So, even a modest improvement in these figures can have dramatic impact on the bottom line (as well as the human cost). To grow, an organisation must increase the total number of customers and / or increase the amount each customer spends, but this can be constrained by poor employee and customer experiences.

### What Next?

Businesses need to get a better understanding of what employees and customers care about and think end-to-end process and identify every opportunity to improve, rather than focus on performance at a specific point in a journey. After all, customers don't care about what it takes to service their needs, only that organisations do it. Besides, a moderately better process is much less important than employees and customers feeling that they have been listened to, understood, and treated accordingly,; because, when the other factors are broadly equal, empathy is the biggest driver of loyalty.