

Flying Blind into the Experience Economy

We live in the experience economy. Staging superior employee experiences create a significant competitive advantage for companies. Yet, when embarking on their employee experience journey, companies too often start from the wrong premises and lack clear direction. How to avoid flying blind into the experience economy?

Whether you'd like to admit it or not, companies find themselves in fierce competition not only for products and services, but also for the experiences that customers and employees have when they deal with the company. We do live in the Experience Economy.

The great upheavals of our time (new work, economic and political crises, generational and value changes) challenge companies and the people that work for them. In response, employers increasingly turn their attention to their employees. A recent McKinsey article put it this way: "By not understanding what their employees are running from, and what they might gravitate to, company leaders are putting their very businesses at risk." Which makes the management of the Employee Experience, or EX for short, an imperative for each company.

If you are serious about a competitive advantage through EX, you have to make the company as a whole more experience-centric. This requires a sustained effort. Businesses need good sensors to set and achieve the right goal. No one will succeed flying blind.

Employee Centricity Does Not Equal Experience Centricity

Whether Human Resources with a capital "H" or P&O with a capital "P", HR departments by nature focus on employees: Everything they do revolves around the people working for the respective companies. In times of massive change, they listen more to employees (Employee Listening) and analyze their data more thorough than ever (people analytics). They are creating new working models (hybrid, agile), revising HR products (e.g. remote onboarding) and investing in new IT tools for employees.

This is all fine and fair, but it does not transform businesses into experience-centric organizations. It is true: Employers know a lot about employees, but (almost) nothing about their experience at work. Without this knowledge, they run the risk of rushing blindly into Experience Economy.

With the best of intentions, but based on the wrong premises, they regard Employee Experience as a trend. This can cost a lot of money and resources - and still fail. Those responsible for Employee Experience (EX coordinators) are only successful if they improve the Employee Experience through their actions. Let's be honest: only very few of them succeed in doing so today.

Companies know a lot about their employees, but (almost) nothing about their experience of work.

To succeed in the Experience Competition, you need four things: a change of perspective, Experience Intelligence, scalability, and the right vision.

Change of Perspective

Since EX coordinators are – in 9 out of 10 companies – part of the HR organization, EX priorities are often seen through the eyes of HR. However, to achieve a sustainable competitive advantage from EX, the HR perspective doesn't help. But what does it mean to adopt a real change of perspective?

When companies decide which experiences to improve first and how to go about it, they should bring employees to the table. To begin with, EX coordinators need to be able to identify which experiences employees have in a particular context - and start from where experiences are particularly important from the employees' point of view, and where these experiences are rated as bad. If this basic information is not available, the "highest paid opinion in the room" usually sets the priorities - mostly according to the HR agenda set by the leadership team.

The shift in perspective away from the HR organizational mindset towards the employee experience mindset has been satisfactorily undertaken in other sectors: Marketing, sales and service regularly set priorities in the most effective way to improve the Customer Experience. By now, those responsible have had 15 years to learn how to do this. This includes setting the right priorities and

measuring the success of such experience improvements. Here is a lot to learn for EX.

Experience Intelligence

Such a change in perspective is not feasible without valid Experience data. Even if data is available and companies invest in new measurement and survey technologies for ongoing employee feedback, what was said at the beginning still applies: We know a lot about employees, but (almost) nothing about their Experience.

Similar to what customer experience colleagues have been doing for a long time, EX managers must also be able to demonstrate an improvement in experience and prove the business value contribution of employee experience. Of course, this is only possible if companies measure and analyze the actual experience of their employees. The Experience Economy needs a new currency: key data for employee experience. In addition, analysis models are needed that link Experience improvement with business success. All this adds up to Experience Intelligence. Without it, companies set the wrong priorities or lose the willingness of business to invest in improving experiences.

What needs to be done, in concrete terms? Experience Intelligence starts with an concise record of the daily work experiences of employees who are perceived as particularly important and particularly bad at the same time. A lot can be derived from this simple information. Using a case of "Gender Diversity & Inclusion Experience", this means: If a company knew which moments of daily work are particularly important for women in technology jobs, and in which these women regularly have bad experiences and that these experiences are significantly worse than those of men - then and only then do companies suddenly see a clear path for improving their employees' experience.

This EX intelligence data can also provide evidence of the value contribution of employee experience. We know from TI People data and analysis that interactions at work that are particularly useful, easy and enjoyable (as measured by employees' personal values and

needs), increase work productivity and reduce the risk of employee turnover. We have been able to substantiate this evidence for various teams in the company, e.g. for customer teams, internal service teams and product development teams. There, performance KPIs such as creative solutions to customer problems, time spent with customers, acceptance by employees of IT solutions, self-responsibility and collaboration have improved significantly and the willingness to stay in the company has increased. EX Intelligence releases employees' labor productivity increases their commitment and improve the company's performance – all of which is also visible in financial results. In this way, EX coordinators can demonstrate the first (often small!) successes. This gives them the time and resources they need to make the company experience-centric. And ultimately works as a job guarantee for EX coordinators.

Scalability

However, this is only the basis. Experience-centricity won't come without effort in (large) companies and will not succeed just by making a single major effort (transformation project). Instead, EX-centricity will emerge step by step. The beginning is often easy. Of course, EX coordinators can effectively improve individual employee experiences with design thinking, good qualitative research and a team trained accordingly. However, in the Experience Economy, this is not enough to create a sustainable competitive advantage. Companies need the capability to improve the experience of employees all the time and everywhere. Design thinking does not serve this purpose. Although always part of the solution for EX improvements, design thinking cannot work without complementary scalable solutions.

I like to describe such an approach as "think big, start small, and iterate as you scale up". The goal of scaling up must already be set in "thinking big".

The "5 horizons of EX" offer a good model for this:



The first horizon (EX Leader Roadmap) aims to align the experience needs of employees with the maturity of the organization, i.e. to link realistic goals with a feasible approach. In order to develop the EX roadmap, EX coordinators often use coaching, network with customer experience managers and like-minded people in other companies.

The second horizon (EX Activation) focuses on inspiring the responsible HR and business leaders for an experience-centric company. To do this, EX coordinators must deliver a specific value proposition for each business area. For sales leaders, the value proposition is more along the lines of "better EX creates better customer experience". For logistics leaders, the message may be "better EX reduces early employee turnover". To reach this horizon, interactive inspiration and learning formats for HR and business leaders are often used.

Horizon three (Experience Improvement & Measurement) lays the foundation for actual, quantifiable experience improvement for employees. EX coordinators define an EX measurement strategy, analyze EX data for improvement potential and take the first steps towards EX improvement - either immediate measures carried out by HR, IT, facility management or other internal teams, or more extensive design projects launched in collaboration with the management teams of individual business units.

For the fourth horizon (Business & People Performance), EX consultants work together with people analytics teams. Together they use the EX Intelligent data treasure: They model the business value impact of the EX improvements achieved, for example through multiple linear regression, a

statistical method. This makes it possible to calculate how different employee experiences affect key figures such as customer satisfaction or turnover.

In the fifth horizon (Continuous EX implementations), EX facilitators inject employee experience into the "bloodstream of the company". In this horizon, two things emerge: a closed EX loop and the co-responsibility of managers for Employee Experience in the company as a whole. For this purpose, EX facilitators offer two services to individual business units: a transparency service (based on EX Intelligence), which identifies potential for improvement, and an empowerment service, which enables the individual business units to achieve EX improvements. EX thus becomes an integral part of corporate management and communication. This makes the management of EX scalable.

The Right Vision

It has become clear: Employee Experience is not a small thing. The change of perspective as a pre-requisite, EX Intelligence as the basis and the path to scalability of EX in 5 horizons, make it abundantly clear that a journey towards the Experience Economy will take a while. The route is riddled with stumbling blocks. These lurk not only in the management of EX data, but also in the coordination of EX efforts according to the 5 horizons presented. It is important to follow a shared vision, agreed to and actively supported by everyone across the board of the organization.

Let's face it - this will take years. Successes along the way are necessary, but they are not sufficient. The decisive factor is an attractive vision that's well understood by business leaders and sets the direction for the company's Employee Experience efforts. Of course, each company must arrive at such a vision for itself and individually. However, in our work we tend to see two central components that revolve around specific groups of people: the employees and the company's investors.

Behind the employee part of the vision is the idea that if people have to work, they are

happy to do it as long as there is nothing in their way that they consider useless or inconvenient, such as waiting too long for an answer, absurd rules and regulations, complicated internal procedures, poor work equipment, uninformed supervisors or a bad atmosphere in team meetings. When companies remove these and similar obstacles from their path, people are happy to be proactive, because they feel good at work. Of course, this is not possible every day and every task, but it is a central principle and guiding idea.

The supplementary investor part of the EX vision can be expressed in the following image: At the company's annual general meeting or at a customer event, the CEO and the sales director talk in detail, and using everyday examples about employee experience - about what kind of experience employees need in order to work successfully for customers or to generate business value. This image also expresses a change in corporate values: from pure shareholder value thinking to a new set of goals that also takes customer-, employee- and supplier-related goals into account as well as those of the company as a whole. EX thus becomes a component of the company's control system as a whole and is part of its performance definition and communication.

Both components of an EX vision will not be achievable ad hoc. They are to be perceived as guiding motives for the organization - towards experience-centricity, towards an attractive value proposition for employees (EVP - Employment Value Proposition), towards better differentiation possibilities on the markets and towards higher labor productivity. This means that employee experience is not just a buzzword, but a corporate necessity. Companies will have to face up to the Experience Economy. They better not do so flying blind, but with their eyes open.



About the author:

[Volker Jacobs](#) is an internationally recognized thought leader in employee experience.

He is the CEO and founder of the EX consultancy TI People and of FOUNT, a provider of SaaS solutions for Employee Experience Management.

The facts and figures used in this article are based on insights derived from more than 3 million experience datasets and validated free text and regression analyses of the EX Intelligence Solution of FOUNT.