

**TREATING EMPLOYEES, CUSTOMERS RIGHT:** In July, the Strategic Capability Network hosted a discussion on the connection between engagement and customer experience. The panel featured Joseph Doria, CEO of Lincoln Electric Canada, William Pallett, senior vice-president, people resources, Delta Hotels and Resorts, and Kelly Harper, director customer experience learning, BMO Financial Group.

## Sears needs lesson from Sears

Any organization looking to move its employee engagement, customer satisfaction and revenues to a higher level would benefit from studying Lincoln Electric, Delta Hotels and the Bank of Montreal.

The application of a value chain, the linkage between employees, customers and financials — as described by William Pallett of Delta and Kelly Harper of the Bank of Montreal — brought to mind the seminal work Sears did in this arena in the 1990s when it introduced its model for a successful transformation.

It started with a clear vision of what it wanted to be known for, communicated that vision widely and linked a winning internal culture with engaged employees to enhance customer loyalty and grow revenue. Sears' recognition of the "employee-customer-profit chain" became the model for other companies to follow.

As Sears discovered, developing a vision in a top-down manner does not result in sustained engagement. Ensuring the direct involvement of employees in its creation, as Lincoln Electric has done, is critical.

Delta too understood the futility of having senior executives engage in this kind of exercise. Instead, it applied a bottom-up system. The result is a vision, mission and values employees understand and own. It's an enigma why there are still companies that expect employees to read and embrace their



### ORGANIZATIONAL EFFECTIVENESS

BARBARA KOFMAN

vision and mission on the website but fail to inculcate them into recruitment practices, onboarding and performance standards.

The successful implementation of any organizational change begins with the manager. Starting at the top, the culture leaders imbue directly shapes the experience of employees and, ultimately, customers. It is a maxim that eliminating poor managers or, as Pallett memorably referred to them, "pops" — individuals who have been passed over and are pissed off — would solve the majority of an organization's problems.

At Delta, this understanding of the critical role leadership plays in success is embodied in the first link in its value chain, "Getting the right manager in place," and having metrics that reflect the actual cost of poor lead-

ership.

In another nod to the innovative work Sears did in the 1990s, BMO is using a learning map with employees to facilitate turning its current focus on customer experience as a key competitive differentiator. While learning maps were not created by Sears, it was the first to use them at town halls to engage employees in helping to build its market share.

Sadly, management schools are now studying a different business case on Sears. In its transition to a 21st century organization, something was lost. These days, one is more likely to read about the company's failure to perform, the closing of retail outlets and disgruntled former customers.

At every level, it seems Sears has forgotten the lessons of the 1990s and is more interested in padding the pockets of executives than remembering the value chain that once made it so successful.

*Barbara Kofman is SCNetwork's lead commentator on organizational effectiveness and founding principal of CareerTrails in Toronto, a strategic coaching and HR solutions organization focused on enabling individuals and organizations to resolve their work-related challenges. She has held senior roles in resourcing, strategy and outplacement, and taught at the university and college level. She can be reached at (416) 708-2880 or [bkofman@careertrails.com](mailto:bkofman@careertrails.com).*