EMPLOYEE HAPPINESS BUILDS CUSTOMER SATISFACTION

A real-life example backed up by research

INTRODUCTION

Niverplast

Niverplast is a Dutch packaging company that develops innovative film packaging solutions to protect and transport a wide range of products. Its core business is focused on items that must be contained in a bag-in-box format, such as bread, meat, fish, various liquids, and non-food products. Niverplast aims to be an integral part of its customer's supply chain by offering the lowest cost of ownership, quality improvements, and reduced lead times.

Niverplast wanted to differentiate itself from its competitors by moving from the traditional (manufacturing) process focus to a modern people focus. Their inherent belief that "without people, there is no business" laid the foundation for creating a competitive edge by operating a people-centric business with happy employees. The management team brainstormed various ways to achieve 'people happiness' and ultimately chose the self-management route as the preferred approach.

TRUST THROUGH TRANSPARENCY

From the beginning, Niverplast decided to be transparent about its financial information and operations. Such information was accessible to all employees. If additional information was received, it was updated and made accessible. This process helpevd them build trust and ownership. When operations needed improvement, employees would naturally move toward solving the problem, as they had all the information required to make informed decisions. Everybody was allowed to pitch improvement ideas, and all meetings ended with the question, 'What can we do better? '

BREAKING THE HIERARCHY

Initially, Niverplast was organized in a typical hierarchy and complied with the strict process-oriented nature of the business. While Niverplast wanted to maintain its focus on efficient processes, it wanted a more balanced structure, which allowed room for innovation and initiative to flourish. Over time, they ensured no more "bosses" existed in each team, and as teams matured, natural leaders emerged as needed. This process was organic instead of the strict hierarchy often pre-determined by top management. Employees were encouraged to voice their ideas and, as a result, make the best decisions. This also served Niverplast's primary goal of ensuring people's happiness as everyone contributed to the decision-making process and felt included.

EMPLOYEE HAPPINESS BUILDS CUSTOMER-CENTRICITY

Niverplast brought about stakeholder alignment by balancing the interests of employees and customers. They actively prioritized employee happiness before customer-centricity. If employees were dissatisfied with a customer's request, Niverplast would often not accept such customer demands. This is because they believe that the key to customer-centricity is to trust the skills and judgment of their employees. This resulted in better solutions provided to customers and, ultimately, happier customers. Niverplast pursued and monitored customer centricity with a financial policy: customers only pay the last 10% of the purchase when they are completely satisfied. Only a company with great faith in its employees and systems can make this claim effortlessly. Fostering trust in its culture has helped the company always receive positive customer reviews as it consistently met customer expectations.

RESEARCH FINDINGS

Niverplast's new culture of trust, transparency, continuous improvement, and customer centricity significantly impacted its key performance indicators. Project lead time was reduced from six to two weeks, and revenue increased from €3 million to €18 million in 10 years.

Trust

By fostering trust among its employees, Niverplast has allowed for improvement in work output. Brenkert (1998) believes in trust as an attitude by stating that "the attitudinal understanding of trust is used in a wide variety of discussions." From this point of view, organizational trust is the degree to which managers hold a positive attitude toward employees' reliability and goodwill in a risky situation and vice versa. Regular and open organizational communication is critical in developing predictable relationships (Lewicki & Bunker, 1996; Shapiro et al., 1992). This puts all stakeholders in constant contact, which supports exchanging information about interests, desires, and approaches to problems (Lewicki & Bunker, 1996; Brenkert, 1998) as well as their behavioral norms and values. Thus, management understands the reality of the employees, and the employees understand the goals, values, and preferences of the management and the company.[1]

Employee satisfaction

It has been found that the key to customer satisfaction is employee satisfaction. Evanschitzky et al. (2011) examined a European franchise system comprising 50 outlets, 933 employees, and 20 742 customers. Their results showed two critical findings. First, the effect of owner-franchisee satisfaction on customer satisfaction is fully mediated by front-line employee satisfaction. Thus, managers of a service outlet can strongly impact the satisfaction and behavioral intentions of their customer base, even without direct contact with them. Second, employee satisfaction at an outlet moderates the link between customer satisfaction and purchase intention. The link between customer satisfaction and customer purchase intentions is almost twice as strong when employees are satisfied than when they are not. This creates a double-positive effect: higher employee satisfaction directly leads to higher customer satisfaction and indirectly strengthens the association between customer satisfaction and their repurchase intentions.[2]

Customer centricity

The stronger the perceived customer service climate, the more systematic the situational cueing, validation, and reinforcement of prosocial customer service values and norms is likely to be. Such intense situations (Mischel, 1977) should facilitate the development and assimilation by employees of prosocial customer service standards and skills by signaling to them what is valued in the system and by focusing their attention on widely shared attitudes and behaviors (O'Reilly & Chatman, 1996; Peccei & Rosenthal, 2000).[3] By adhering to customer-centricity, Niverplast has ensured that its employees believe in serving customers better, and this has, in turn, ensured a strong sense of job competence amongst employees.

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