

# The 3 + 3 of Experience Innovation

Transcending Corporate Challenges and Achieving Success

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Most companies recognize innovation as a positive practice or strive, in their business operations, to be innovative. Disruptive technologies, evolving customer expectations and the globalized marketplace catalyze the need for companies to adapt quickly, identify new opportunities and capitalize on them faster than ever. The reality is though, that the vast majority of companies are struggling to master all dimensions of innovation or know how to pursue such an often-intangible goal within their business activity.

As a recent McKinsey<sup>1</sup> Quarterly article notes, innovation is complex because its reach should be company-wide, and many organizations find it difficult to achieve. Yet the findings of recent research by Dale Carnegie point to a holistic approach to innovation as an essential strategy that can be deployed as organizations seek to transcend common business challenges, both internally and externally.

To uncover business trends and gain better understanding of how companies are addressing barriers to their growth, Dale Carnegie conducted 60 in-depth interviews and surveyed more than 500 business leaders from 14 countries. The research<sup>2</sup> focused on deepening our understanding of the challenges facing companies across industries, and the strategies they use to confront those challenges. The findings of this report point to key discoveries about the importance of innovation and ways to improve corporate internalization of innovation. (See Appendix for more information on the study).

A predominance of companies that participated in our study noted that they expect an increase in profits this year and into the next (68 percent), even though they are experiencing the pressure of marketplace forces that create challenges to maintaining that growth, including pricing pressures, government regulation, competition, changing customer preferences and talent shortages, to name a few.

While organizations deal with competing priorities and are forced to make tough decisions about how to use their limited resources, Dale Carnegie research uncovered key challenges organizations were experiencing and strategies being used to address those challenges. Developments in recent years have made it easier than ever for customers to find and defect to a competitor, even as employees constantly scan the job market for a better opportunity. With these forces working in tandem, a resulting perfect storm serves as the perfect environment for instability that undermines innovation, with both customers and employees. Responding to customers who are more intensely empowered by technology, organizations are driven to innovate, to discover new ways to identify, respond to and anticipate those customer needs.

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<sup>1</sup> See the article, "Eight Essentials of Innovation" by Marc de Jong, Nathan Marston, and Erik Roth, April 2015 at [http://www.mckinsey.com/insights/innovation/the\\_eight\\_essentials\\_of\\_innovation](http://www.mckinsey.com/insights/innovation/the_eight_essentials_of_innovation)

<sup>2</sup> Dale Carnegie Training conducted phone interviews and an online survey in May 2015. Of the 525 respondents, 48 percent reported as C-level leaders, 8 percent were VP level and 43 percent are at the Director, GM or Department Head level. The 14 countries include the US, Canada, Mexico, Brazil, India, Sweden, Denmark, Germany, Finland, Norway, Switzerland, Japan and the UK.

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# The Shift to Experience Innovation Behaviors

Organizations that set out to be innovative often focus on traditional interpretations of innovation: the development of innovative products or the adoption of innovative processes in the production of those products. Dale Carnegie's research revealed that in today's business environment innovation should be thought of as something that can be integrated into what organizations do on all levels. By striving for this enterprise-wide innovation, organizations are working to become more sophisticated and strategic in gaining deep understanding of the needs, behaviors and expectations of customers and employees.

From this research emerges a holistic approach to innovation: a 360-degree understanding of experience. It has long been recognized that customers gain an overall impression of a company through the several ways in which they might interact with a company, and by experiencing the products, people and places of a brand through, for example, the purchase of a product or service, through human interactions with representatives of that company or by entering the company's buildings. Each of these touchpoints provides an opportunity to apply innovative strategies. While companies have historically sought to achieve "output innovation" or to develop new products and services, the new demand is for innovation that will live through the entire experience of all markets and stakeholders of the organization.

The findings of the research pointed toward six trending innovations that companies are using to address the challenges they identified as barriers to their success. Building on these findings, Dale Carnegie developed a new model that presents a two-pronged approach to experience innovation, arranging the six essential areas into three market-facing trends and three workplace-focused trends. See Figure 1.

## The 3+3 of Experience Innovation



Figure 1. The six trends identified as innovation strategies being used by companies to address critical challenges to their success

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***We need to provide experiences that are richer and simpler, with technology tools that are accessible and close to the client ... like improving post-sale service to manage the products they bought.”***

– Survey Participant

# Market Experience Innovation

Companies that have in-depth understanding of their customers, and who create engaged and loyal customers, positively impact their sales results. According to one study, 77 percent of companies indicated that their customer experience efforts had a moderate to significant positive impact on their sales results and that a great customer experience can lead to as much as a 175 percent increase in spending, relative to what happens after a poor experience. Customer-focused companies have in-depth understanding of their customers' expectations and unexpressed needs. In order to build customer experience innovation, companies engage in three areas of innovation:

## 1) Proactive Customer Acuity:

More than a third of leaders in the Dale Carnegie study (34 percent) indicated that in order to address existing or anticipated challenges, their organization planned to change their customer feedback system to improve their market insight. One respondent noted the need to radically "adapt to changing customer behaviors." Companies that can zoom in to meaningful customer insights are more likely to understand what draws their customers to them, and what keeps them loyal. Organizations in the know accomplish this by developing a real-time customer feedback system, leveraging unique approaches to voice-of-the-customer and point-of-sales technologies, along with predictive analytics.

## 2) Personalization Through Technology:

In order to develop stronger interactions with existing and potential customers, companies need to innovate to provide hyper-personalization of experiences through technology. Participants in the research indicated that investing in innovation of technology to be more personalized and tailored to each customer was a key strategy in addressing the challenges that they faced. As one leader noted, "We have to have the capacity to reinvent ourselves through technology." Organizations can also build personalization by using technology to drive a social media strategy and to enhance the digital purchasing experience.

## 3) Skilled Experience Ambassadors:

The Dale Carnegie survey participants also indicated that they plan to maintain or increase innovation and investment in training their employees, including equipping employees with the ability to become skilled experience ambassadors. One participant referred to "Ensuring amazing customer experience and loyalty" as an innovation that would positively impact the organization in the coming year. Another participant noted, "We need to provide experiences that are much more rich and simple, with technology tools that are accessible and close to the client." Dramatically improving the way that all employees represent the company brand empowers them to deliver positive experiences through recruitment, service, sales, sourcing and community involvement

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<sup>3</sup> Temlin Group, 2014

<sup>4</sup> Peter Kriss, "The Revenue Impact of a Great Customer Experience". Medallia, 2015

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# Workplace Experience Innovation

In order to maximize the customer experience, organizations also innovate their approach to building a workforce of engaged and skilled employees. Participants in the Dale Carnegie survey agreed that leadership development continues to be an important issue confronting their organizations (35 percent), followed closely by concerns for improving employee morale (33 percent), work-life balance (29 percent), flexible work schedules (27 percent) and recruitment (25 percent). One participant leader noted that a key challenge was finding the right candidate “who has the experience and aspiration” to get the job done and that current leadership often lacks the “will to do.” Indeed, it takes the right team with the right innovation to optimize workplace experience. To hire and retain top talent, companies engaged these innovation strategies:

**1) Being a Workplace of Choice:** By taking creative approaches to compensation and benefits, and re-considering strategies for driving employee morale and engagement, innovative organizations demonstrate that they are committed to becoming or remaining a workplace of choice. The survey pointed to key trends among participants, with 42 percent of participants indicating that they planned to innovate their approach to salaries and wages, and invest in enhancing their approach to the measurement of employee engagement. Another 34 percent planned to innovate their approach to benefits for their workforce. One survey respondent noted, “Our short-term strategy is to review our benefits package, but we want to increase employee engagement in the long term.”

**2) Culture of Continuous Learning:** Many organizations recognize the importance of further developing a corporate culture that remains perpetually focused on personal growth and development. One particular respondent referred to innovating their approach to “Ongoing training of staff, preparing team members to take on more responsibility.” Overall, participants in our study confirmed their need to fund training and development for their workers, in an effort to build retention and attract top talent. In fact, more than half of survey participants planned to at least maintain expenditure on training, or spend a lot more on training in the coming year (52 percent). Further, among global companies, more than half of the participants indicated that they will creatively adjust their ability to offer a range of learning modalities and environments. These companies will attempt to further make “learning” a cultural value that is expected, measured, celebrated and managed.

**3) Schedule and Location Agility:** Among survey respondents, 30 percent were moving toward increased flexibility in work locations and schedules. Attracting and retaining the best talent takes recognition of what matters to today’s employee. With hiring and retention presenting key challenges for organizations, the innovation of a desirable workplace is key to maintaining competitive positioning. One participant business leader noted, “Retention issues are about meeting expectations and creating positive employee experiences.” Companies that adjust for schedule and location agility, by innovating the way that employees work virtually and by being flexible with working hours, are perceived as taking a more holistic view of improving the employee experience.

**“ Entry-level people take a lot of time to recruit and often leave after a short period of time because companies do not meet their expectations for growth opportunities, income, interesting work, etc.**

– Survey Participant

# Powering Innovation Through Engagement

The competition for customers is more intense than ever before, brought by technologies that empower customers and make it easier than ever to access information that can change perceptions in a matter of seconds. Thriving in today's world of business takes commitment to strategies that ignite engagement of both the customer and the employee.

Maintaining a loyal customer base requires hiring and retaining skilled and engaged employees, and making strategic investments in technology, customer feedback analytics and a commitment to being customer-focused. As companies use more sophisticated initiatives for gathering employee and customer feedback, it becomes easier to uncover the root causes of poor customer experience and gauge the overall employee experience. With these strategies in place, the organization is well positioned to provide positive experiences and ensure that customers will be less likely to defect to competitors.

In the current business environment, leaders are called on to ensure against the loss of top talent to the competition. New approaches to attracting and retaining employees, and continued investment in training and development can be leveraged to enhance the employee experience. This recent Dale Carnegie research suggests that the one-dimensional approach to innovation has expired in relevance, and that tomorrow's successful organizations will be those that embrace new perspectives and ideas as essential to all levels of the organization, through strategies, policies and initiatives that foster innovation of place, people and products. By more efficiently and effectively meeting individual needs and expectations, organizations can enable collaboration through both employees and customers, empowering innovation that's required for growth.

## Appendix: About the Research

Dale Carnegie conducted 60 in-depth interviews and surveyed more than 500 business leaders from 14 countries across North and South America, Europe, and Asia, seeking to understand more, including trends in human capital development and the challenges companies across a wide variety of industries face, along with the strategies they are pursuing to confront those challenges and clear the way for the innovation that will drive their growth in the coming year.

We asked more than 500 leaders around the world what human capital issues their company is most concerned with this year. Respondents in our survey and interviews agreed that leadership development continues to be the most important issue (35 percent). Other concerns that surfaced among the top five tended to be focused on creating a better experience for employees: improving employee morale (33 percent), work-life balance (29 percent), flexible work schedules (27 percent) and recruitment (25 percent).

### **Countries in which participants were located included:**

Brazil, Canada, Denmark, Finland, Germany, India, Japan, Mexico, Norway, Sweden, Switzerland, Thailand, United Kingdom and United States.

### **Survey questions included, among others:**

1. How well is your company expected to perform in 2015, compared to 2014?
2. Where is growth in your company expected to come from in 2015?
3. What are the two or three challenges that will have the most impact on your company's business in the coming year?
4. What key internal strategic initiatives, if any, is your company pursuing in 2015?
5. What human capital issues is your company most concerned with this year?
6. Which levels or job groups are the most challenging for your organization with regards to recruitment and retention?