January 2010 • No. 190

Branch Manager's Letter

strategies for branching excellence

What's Inside

Coaching to Feedback Loops

"The ability to improve performance by sharing client feedback is a skill that all great leaders master," states Constance Anderson, President of Constance Anderson & Associates (New York, NY). Feedback is information that an organization gathers from its internal and external clients to gauge performance. A feedback loop creates an ongoing source of such information.

"Feedback loops are critical for any business to set benchmarks for goal setting and to engage in continual performance improvement," Anderson says. "Feedback loops can also provide leaders with valuable insights into the types of products and services its clients want." Client surveys, mystery shops, and focus groups are examples of feedback loops.

How Employees Really Perform

The best way to assess employee strengths and needs is coaching by walking around. "There is no substitute for a leader/coach spending time on the retail floor, noting how employees represent the institution's brand and fulfill the brand promise. However, no coach can be present all the time. Moreover, coaches can have perceptual blind spots when it comes to employees," says Anderson.

EXAMPLE: You know that Sally is a pleasant person in general. However, you may fail to notice that she doesn't smile or make eye contact with clients, because your deeper knowledge of Sally is in conflict with the first impression that she is having with clients.

We can also get into the 'that's just the way he is…' syndrome, making excuses for employee behavior because we know employees are generally well-meaning. Finally, there are those employees who perform much differently when the coach is around than when the coach is gone.

"Feedback loops are a kind of 'double check' on a coach's perception. More frequently, however, feedback loops tend to confirm what a coach knows to be true of an employee in terms of strengths and needs. The value is that now the coach has another vital opinion – the voice of the client – to back up his or her perceptions," explains Anderson.

8 Keys to Sharing Feedback Results

"Feedback loops can be expensive to create and maintain. If the organization doesn't use the results for coaching to improvement, they have wasted their investment," points out Anderson. "The data or observations from the feedback loop are simply information about performance. It will not tell the employee how to change, enhance, or improve performance. Only a coach can do that."

Whether you're sharing results of a mystery shop, survey, or other feedback loop, make sure that your coaching conversation leads to improvement and not to resentment. When coaching to feedback loops, Anderson offers these eight keys to success:

1. **Be prepared.** Getting ready to share the results of a feedback loop is just as important as the one-to-one meeting with your employee. Look over the feedback results in advance to see what the person did well and how the person could

improve. Read any comments. Make notes to keep you focused during the meeting.

2. Take a "big picture" view. As you're preparing, compare the feedback results to results you've previously received for the employee. Are there any patterns in behavior? A shop, for instance, is a snapshot of the employee on a single transaction on a single day. Don't focus on a low score on a single behavior unless the person is consistently scoring poorly for that behavior.

EXAMPLE: If a person has eight shops and has used the client's name on seven of them, it will probably not be helpful to dwell on the fact that the person did not use the name one time. "Everyone has a forgetful moment, and sometimes shoppers make mistakes," Anderson says. "Focus on the fact that the person has done it right in the past and show faith that the person will do it right again in the future."

3. Be circumspect when sharing comments from feedback loops. Rather than showing the person the feedback results or reading comments word-for-word, summarize to capture the essence of the comments.

EXAMPLE: A shopper may comment…*This employee did not smile or use my name. I felt like she didn't like me for some reason. Maybe she was just having a bad day.* While this is valuable feedback, it reflects the shopper's feelings in addition to providing the shopper's objective feedback on a specific behavior.

One way to share this comment might be to say…*The shopper commented that she didn't notice you smile or use her name. How might it make clients feel when you don't smile at them or use their names? Why is it so important to smile at clients and use their names?*

4. Keep it conversational. "Suppose you go to a doctor to have your cholesterol levels checked. A few days later you're called in for the results," Anderson continues. "The doctor puts the numbers in front of you and asks you to sign a paper acknowledging that you have seen the results. You leave the office feeling confused. You wonder what the numbers mean, whether your health is in jeopardy and how you can improve."

Numbers are good for benchmarking and measuring improvement, but they do not substitute for coaching. Putting a written copy of feedback results in front of an employee to read and sign is not coaching – it's information dumping. Never share the results of a feedback loop unless you have time to discuss with the employee.

5. Ask good coaching questions. The best way to have a conversation about the results of a feedback loop is to ask good coaching questions. Great coaching questions begin with the words *how* and *what*. These questions lead to a dialogue about performance improvement:

- *What led to your improvement in this area?*
- *What have you been doing differently that has helped you improve your shopping score?*
- *What specific behaviors can you adopt that will make clients feel more appreciated?*
- *The client gave you a "3" out of "5" on making him feel valued and respected. What specifically can you do to show clients that you value and respect them?*
- *What can you do to make sure you remember to use the client's name every time?*

6. Focus on the positive. "Don't use results from feedback loops to catch people doing it wrong," emphasizes Anderson. "Most shops and other feedback loops show that the person did more things right than wrong." Focusing only on the areas where an employee got a low score leads to resentment and a feeling of being unappreciated.

7. Look for the one thing that would lead to the greatest improvement. Sometimes an employee scores poorly on a number of behaviors. If you ask the person to improve them all, they might be overwhelmed and simply give up. Rather than making a laundry list of improvements, focus on the one thing that would lead to the greatest improvement in the person's next shop or survey.

EXAMPLE: An employee who does not smile or make eye contact with clients would see great improvement in her score just by changing those two behaviors. By creating focus on a single area, you can show people that they have the power to improve their own performance. Furthermore, you identify a single skill to coach to on a daily basis.

Web-Based Surveys Pay

"I find that the most economical way to get a great deal of feedback is with an e-mail invitation to a web-based survey," states Constance Anderson, President of Constance Anderson & Associates (New York, NY). "Of course this is dependent on the financial institution having a lot of client e-mail addresses." Based on Anderson's experiences, response rates are 10 to 14 percent, on average, and web-based surveys cost very little to do.

Response rates to direct mail surveys are decreasing each year while postage costs go up. Telephone surveys are difficult because most people do not want to be interrupted. Anderson's company does a simple loyalty survey for credit unions that asks people whether they would recommend the credit union to friends and family. For those who would recommend, they ask what leads to their recommendation (i.e. rates, service, convenience, etc). For those who would not recommend, they ask why not. "This simple survey provides a wealth of information on what drives loyalty and defection and can be quantified for a benchmark and repeated annually," Anderson says. "It could be done by direct mail, but we have great success doing it via e-mail and web."

8. Follow through. Unless the person has perfect results from the feedback loop, always close the session by agreeing to a plan of improvement and then follow through. When you catch the person exhibiting the agreed-upon behavior, let them know you've noticed. If you see them neglecting to use the behavior, provide immediate correction. Don't wait until the next shop or survey to tell the person they are not doing it right.

"Sharing your observations shows the employee that the behavior is important to you and that you take great service seriously. If the only feedback an employee gets is from shoppers and survey respondents, they will focus more on the measure and less on providing great service every time," says Anderson.

The Bottom Line

Too many programs fail because information is not shared appropriately with employees. The shop or survey is simply put in front of the employee to sign. Employees do not understand how to achieve a better result. "When this is done, employees lose confidence in the coach and the feedback loop. They begin to dread receiving feedback and see the system as an attack on their performance," Anderson says.

"Simply sharing the results of a client survey or a shop is not coaching – it is information dumping. A true coach helps the employee interpret the results and develop an improvement plan based on the results.'

Constance Anderson & Associates is the provider of www.MemberShoppers.com, a mystery shopping and coaching effectiveness system for financial institutions. The company also provides lending surveys, internal mystery shopping, and focus groups to financial institutions across the United States and Canada.

For more information, call Constance Anderson & Associates at 1-800-548-4417 or go to www.MemberShoppers.com.

Feedback Loops…Reaping the Benefits

Feedback loops are a key mechanism for understanding what drives loyalty and defection. Feedback loops enable you to garner insights from clients on how you are doing, what else clients would like you to do, and where you can improve.

"Without feedback loops, the institution will become detached from the client experience," observes Constance Anderson, President of Constance Anderson & Associates (New York, NY). Feedback loops include:

- Mystery shopping
- Client surveys
- Focus groups - The success of these depends on the skill of the moderator and the organization having a firmly established objective in conducting the group. "Focus groups are best for testing product ideas, names, brand positions, etc. They are not a substitute for quantitative research and will shed little light on an organization's service level," says Anderson.

Use the Feedback

"Investing in feedback without using it to improve products or service performance is like buying a sports car and keeping it in the garage. It looks good, but it isn't taking you anywhere," says Anderson. To reap the benefits of feedback, Anderson offers these tips:

→ Establish benchmarks first to give context to ongoing results. Anderson's company, for example, recommends that their clients do two months of mystery shopping or online surveys before they set goals for staff.

TIP: Set a minimum standard based on what 60 to 70 percent of performers are able to achieve.

→ Hold people accountable for achieving the minimum standard and reward those who exceed the standard. If you've done a good job of creating a valid feedback loop, you will want to include results in employees' performance evaluations.

→ Take feedback seriously. "If a client takes the time to fill out a survey, do them the honor of considering the feedback and change course, if necessary, based on patterns in the feedback," Anderson says. "Let clients know via your communications channels about the improvements you are making based on their feedback."

→ Ask executives and coaches to read the comments on surveys and immediately respond to any client who asks for a response. Otherwise, you risk alienating an irate client. Anderson's company, for example, does lending quality surveys. Clients who are denied a loan often request a callback. "We encourage our clients to make these calls so that the person will return to the financial institution when their credit situation improves," says Anderson.

→ Bring the results of all feedback loops to your strategic planning session and use them to set organizational goals and to measure progress.

Branch Managers Play a Critical Role

Besides using feedback loops to coach for performance improvements, Branch Managers play a crucial role in explaining feedback loops to employees. Your team needs to understand why feedback loops exist, how they work, and the benefits they provide. "The staff will reflect the coach's attitude toward the feedback loop," Anderson says. "If the coach views it as a positive learning tool, the staff will also. If the coach shows negativity toward the loop, the staff will mirror his or her attitude."

Branch Manager's Letter is published monthly by Better Life Publishing, L.L.C., 3002 Pennsylvania Avenue, Charleston, WV 25302. Subscription rate is $90 a year. Subscribers may photocopy or electronically re-distribute articles in-house providing ***Branch Manager's Letter*** is cited. All other parties are prohibited from duplication in any form without permission.

Lana J. Chandler, Editor Lana@BranchManagersLetter.com 1-304-343-0206